THE ECONOMIC SITUATION
QUÉBEC 1966

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PREFACE

Each year, the Economic Research Bureau of the Department of Industry and Commerce submits to the Minister of Finance a detailed survey of the economic situation in Quebec. This document is tabled as "Annex I" of the Budget Speech and subsequently published by the Department of Industry and Commerce.

This sixth annual report, which describes Quebec's economic development in 1966, its outstanding features and dominant trends, offers a brief interpretation of the economic situation by examining the influences that have been at work.

Quebec's economy is closely linked to economic developments in Canada and the United States. Together with private capital expenditure and government spending on goods and services, exports of goods made in Quebec — almost half of manufacturers' shipments are exported — play a decisive part in Quebec's economic development. In recent years, the upswing in Canada and the United States has been matched by unprecedented economic activity in Quebec. The expansionary phase begun in 1962 has been attended by a 9.5 per cent annual increase in the gross provincial product and a 4.2 per cent annual increase in employment; 1966 was a peak year, with a 12 per cent rise in the gross provincial product and a 5.4 per cent rise in employment.

The dynamic performance of the Quebec economy is most encouraging and augurs well for Quebec's industrial future within the framework of the Canadian economy.

This study of the economic situation was prepared under the direction of senior economist H. A. Djahanbin of the Industry and Commerce Department's Economic Research Bureau.

Gilles Martin

GILLES MARTIN,
Director.

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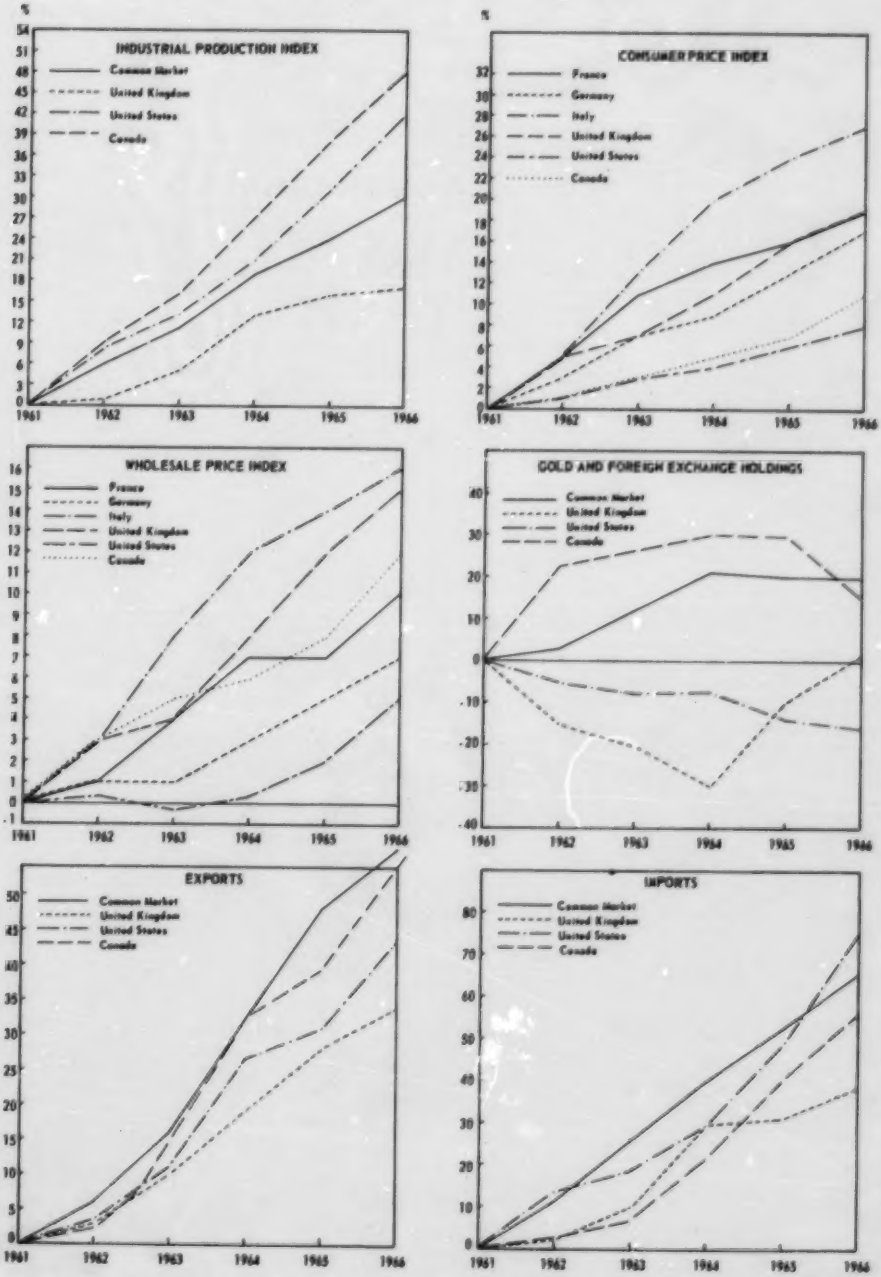
INTRODUCTION

Economic development in 1966

CHART I

SELECTED INTERNATIONAL INDICATORS - % CHANGES AS COMPARED WITH 1961



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economic development in 1966

Increased demand and production all over the world, and more particularly in the western countries, gave an impetus to the economy at large. Pressure of demand, on the other hand, produced bottle-necks in the main economic sectors and a general rise in interest rates.

All member countries of the O.E.C.D., except Italy and Japan, had to adopt restrictive monetary and financial policies in order to curb price increases and to reduce balance of payments deficits. As a result, the growth rate began to slow down in the second half of the year.

By increasing the discount rates in most European countries, restrictive credit policies contributed to the gradual rise in interest rates.

In the United States and in Canada, pressure of demand in the money markets and price increases led the Federal Reserve Board and the Bank of Canada to raise their discount rates.

The falling off of the unemployment rate and the labour shortage accelerated the increase in the cost of labour and contributed to the general price increase. Pressure on available resources, which accounts for the rise in prices, also resulted in increased imports, thus upsetting the balance of payments in industrialized countries.

Common Market

The external demand for goods and services produced by the EEC countries increased more rapidly than had been expected at the end of 1965. The value of visible exports rose between 9 per cent and 10 per cent in 1966. This trend is due to increased demand by the United States, partly as a result of the war in Vietnam. Demand within the Common Market was slightly greater in the second half of 1966 than it had been in the first half.

TABLE 1

WORLD INTEREST RATES

	Interest Rate Index Oct. 1966	Interest Rate Index Oct. 1965	Official Discount Rate	Treasury Bills at 90 Days' Notice	Short-term Blank Credits	1st Mortgage Loans	Current Acc'ts	Savings Bank Deposits
	%	%	%	%	%	%	%	%
Canada	4.99	4.41	5.25	5.01	6.00	7.75	—	3.00
United States	4.67	4.07	4.50	5.30	6.00	6.00	—	4.50
Great Britain	6.56	6.00	7.00	6.75	7.50	6.63	5.00	4.50
West Germany	5.88	4.70	5.00	5.00	9.50	8.50	0.50	4.50
South Africa	5.76	—	6.00	4.25	10.00	8.50	4.13	4.50
Sweden	5.62	5.30	6.00	6.60	7.50	7.50	—	5.25
Netherlands	5.56	4.75	5.00	5.00	8.00	7.50	1.50	3.50
Japan	5.47	5.89	5.48	5.66	7.30	8.20	2.19	2.19
Austria	5.29	4.90	4.50	4.75	9.00	8.27	0.75	3.50
Belgium	5.08	4.94	5.25	5.60	8.00	8.25	0.50	3.00
Italy	4.58	4.73	3.50	3.52	7.50	8.00	0.50	3.75
France	4.46	4.27	3.50	3.13	5.35	8.80	0.50	3.00
Spain	4.18	—	5.00	—	5.75	7.00	0.50	2.00
Switzerland	3.99	3.73	3.50	—	5.00	5.00	1.00	3.50

SOURCE: *Bulletin financier Suisse* (December 15, 1966).

The faster growth of over-all demand within the European Economic Community resulted in a marked increase in imports from non-member countries. The deterioration in the Community's trade balance, which was to be expected, facilitated the absorption of excess demand. This, and the rise in unit costs, will lead to a slackening in economic growth in the next few months. It also seems — and this applies to all EEC countries — that cost behaviour will continue to determine the level of prices.

In this respect it is worth noting that the committee responsible for shaping an economic budget policy stated that a more elastic and effective application of such a policy was of the utmost importance, as a monetary policy alone could not ensure a steady and balanced expansion of the economy without endangering its pace. Moreover, in order to avoid future unit cost increases comparable to those that have affected the economy in the past, member countries would have to adopt an adequate incomes policy as part of their economic programme. According to the committee, the application of appropriate economic measures at the first sign of imbalance was all the more important as the growing integration of the Community made for a more rapid propagation of economic impulses from one member country to another. *

In short, the upward movement within the Community is expected to slow down. While expansion will continue in Italy and, to a lesser extent, in France, the German economy shows a definite downward trend. In Belgium a sharp decline in exports has engendered a wait-and-see attitude. The Dutch economy shows serious imbalances.

Great Britain

There was no significant gain in the gross national product despite a 1 per cent increase in the first quarter of 1966, and a 2.5 per cent rise in domestic consumption. Now that the restrictive measures imposed last July have begun to show results, the balance of economic forces will contribute to a slight rise in the gross national product. The gap created between production capacity and the national product will justify the application of an expansionary monetary policy.

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* Le rapport de C.E.E., Comité de politique conjoncturelle relatif au budget économique, 7 mars 1966.

Japan

Following the past two years' recession, Japan's economy showed marked progress in 1966. This is largely due to government-sponsored investment incentives in the public utilities and housing sectors. The Economic Planning Agency forecasts a 7.5 per cent increase in national production during the 1966-1967 fiscal year, against less than 3 per cent in 1965-1966. As for the balance of payments, it is possible that the trade balance surplus may compensate for the capital deficit created by the decline in U.S. investment.

TABLE 2

QUARTERLY INDUSTRIAL PRODUCTION — GENERAL INDEXES (*)
1960 = 100

	Quarter	Canada	United States	United Kingdom	E.E.C.	O.E.C.D. (Europe)
	I	115	111	101	114	110
1963	II	116	114	104	119	114
	III	120	116	107	121	116
	IV	124	116	109	123	119
	I	128	118	112	126	122
1964	II	130	121	112	126	122
	III	132	123	113	127	123
	IV	134	124	115	129	125
	I	138	128	116	130	126
1965	II	139	130	116	132	127
	III	143	133	116	133	128
	IV	147	135	117	135	130
	I	151	140	118	137	132
1966	II	152	143	117	140	133
	III	152	145	117	139	133

(*) Seasonally adjusted.
SOURCE: *O.E.C.D. Statistical Bulletins.*

The United States

The U.S. gross national product was about $740 billion, 8.7 per cent more (in current dollars) than the previous year. The industrial production

index for the first nine months of the year was up 8.8 per cent compared with 8.4 per cent for the corresponding period of 1965. Owing to a drop in consumer spending on durables and new housing, there was only a slight increase in the gross national product in the first two quarters of 1966, and a slackening in the last quarter. Nevertheless, the unemployment rate, which had been 4 per cent in January, reached its lowest level — 3.7 per cent — in November.

TABLE 3

ECONOMIC GROWTH IN THE UNITED STATES

	G.N.P. (1) at Market Prices	N.N.I. (2) at Factor Cost	N.N.I. (2) per Wage-Earner	Current Consumer Spending per Capita
	millions of dollars		dollars	
1963	590,500	481,900	7,003	1,866
1964	631,700	517,300	7,352	1,946
1965	681,200	559,000	7,745	2,036
1966 (*)	740,000	604,500	8,170	2,104

(1) Gross National Product.
(2) Net National Income.
(*) Estimated.
SOURCE: *Survey of Current Business, U.S. Department of Commerce.*

Because of reduced farm prices, wholesale prices remained stable. Industrial prices increased by over 3 per cent and the price of construction materials by 6 per cent. The consumer price index rose steadily throughout the year : in November 1966 it was 3.6 per cent up on November 1965.

Successive increases in the prime rate — up from 4.5 per cent to 5 per cent in December, then to 5.5 per cent in March and to 5.75 per cent in July — and other restrictive measures succeeded in easing tension in the

money market. However, these restrictive measures could not contain capital expenditure in the private sector, nor could they cool the overheated economy to the required degree. Business firms had no choice but to go ahead with investments already started, thereby diminishing their profit margins.

TABLE 4

VARIATIONS IN U.S. SELECTED INDICATORS

	1964/63	1965/64	1966/65
	%	%	%
Total value of new construction	+ 5.6	+ 7.1	+ 6.5
— non-residental	+ 6.5	− 4.5	− 1.0
— residential	+ 1.8	+ 6.7	+ 4.0
Value of shipments	+ 6.9	+ 8.5	+ 9.8
Labour income	+ 6.9	+ 7.4	+ 9.4
Personal Income	+ 6.6	+ 7.9	+ 8.3
Average manufacturing hourly earnings	+ 2.8	+ 3.2	+ 3.8
Average manufacturing work week	+ 0.5	+ 1.0	+ 0.7
Retail trade	+ 6.0	+ 8.6	+ 7.4
Industrial production index	+ 6.4	+ 8.4	+ 8.8
Wholesale price index (*)	+ 0.2	+ 2.0	+ 3.2
Consumer price index	+ 1.3	+ 1.7	+ 3.0
Labour force	+ 1.7	+ 1.9	+ 1.9
— employed	+ 2.2	+ 2.6	+ 2.7
— unemployed	− 6.8	− 10.9	− 14.5
Gross national product	+ 7.0	+ 7.8	+ 8.7

(*) All products.

SOURCE: *Survey of Current Business, U.S. Department of Commerce.*

Even if these monetary measures did not have the desired effect on the domestic economy, they still played a vital part in stabilizing the balance of payments. Not only has U.S. direct investment abroad, particularly in Europe, appreciably diminished, but borrowing by U.S. business firms in the European market reached $493 million for the first half of 1966 against $341 million for all of 1965. Improvement in the U.S. balance of payments is expected

to be gradual as long as the trade balance remains unchanged. However, this is unlikely in view of the shortage of labour and pressure on available resources.

Canada

The Canadian economy, like the U.S. economy, is in its sixth year of rapid economic expansion. Its gross national product of $57.5 billion represents a 10.6 per cent rise in money terms. This upward movement was attended by a price increase of about 4 per cent, so that real gross national product was 6.5 per cent higher than in 1965. Since the spring of 1965, shortage of labour, coupled with a gradual rise in costs, has led to speculative buying and increased stock-piling, thus upsetting the balance between supply and demand.

Despite a constant decline between April and July, the industrial production index for the first two quarters of 1966 rose by 9.7 per cent and 9.3 per cent respectively, over the corresponding periods of 1965 and is estimated to have reached a 7.2 per cent increase for the whole year.

TABLE 5

ECONOMIC GROWTH IN CANADA

	G.N.P. (1) at Market Prices	N.N.I. (2) at Factor Cost	N.N.I. (2) per Wage-Earner	Current Consumer Spending per Capita
	millions of dollars		dollars	
1963	43,424	32,869	4,871	1,455
1964	47,403	35,437	5,111	1,542
1965	51,996	38,819	5,436	1,638
1966 (*)	57,508	43,001	5,795	1,750

(1) Gross National Product.
(2) Net National Income.
(*) Estimated figures: fourth quarter.
SOURCE: *National Accounts* (13-001 & 13-201), D.B.S.

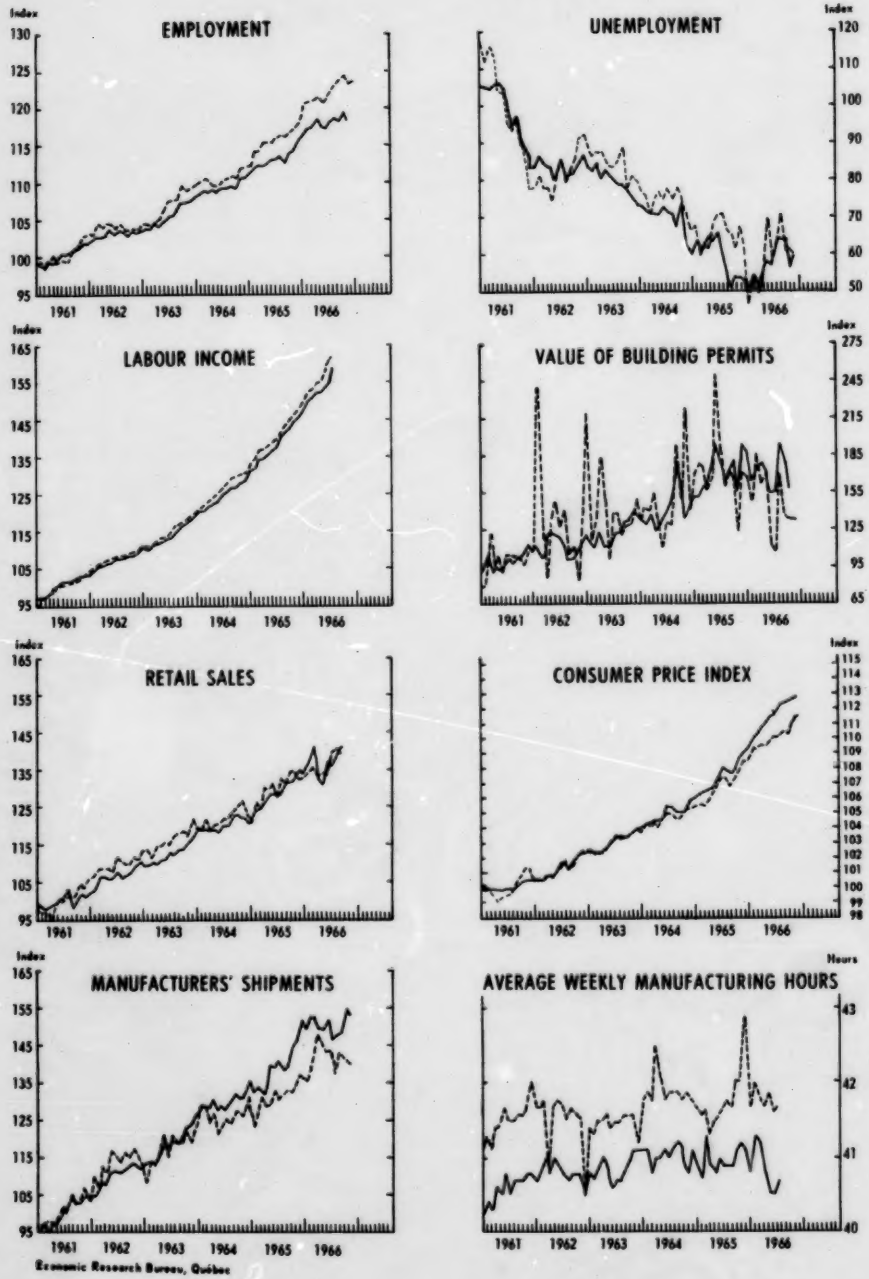
CHART II

SELECTED ECONOMIC INDICATORS

Seasonally adjusted

1961 = 100

CANADA ——— QUÉBEC --------



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Following a considerable increase in labour earnings, personal income rose to $41.7 billion, 10 per cent more than in 1965. The rise is due to the growth of employment and the increase in wage rates. Employment rose by 4.2 per cent and wage rates by 5.7 per cent. National income was up 10.6 per cent over 1965, while the revenue of all governments totalled $20 billion, 12.4 per cent more than in 1965.

Consumer spending on goods and services reached $34.1 billion. There was a 4.6 per cent increase affecting mainly non-durables, whose prices rose by 3 per cent during 1966. Purchases of durable goods fell by 11 per cent in the first quarter of 1966. This decrease was largely due to the fact that people put off buying automobiles, as well as to a lessening in the demand for household appliances. Spending on services, on the other hand, increased steadily throughout the year.

Despite monetary restrictions and gradually increasing interest rates, capital expenditure did not fall off. According to the semi-annual survey issued by the Dominion Bureau of Statistics in conjunction with the Federal Trade and Commerce Department, 1966 investments should come to $12,305 million, i. e. 18 per cent more than in 1965 and 4 per cent above the preliminary figures listed in the survey at the beginning of the year. It seems, however, that owing to the tight money market and particularly because of the labour shortage, some commitments will have to be postponed.

Government expenditures, excluding intergovernmental transfer payments and defence spending, rose by 13.3 per cent to $17,784 million. Large-scale provincial and local government projects to develop public services are mainly responsible for this increase, which has produced an over-all deficit of $328 million.

In the field of foreign trade it is to be noted that the value of visible exports for the first eleven months of 1966 was 17.1 per cent above that for the corresponding period of 1965. Exports to Great Britain were down by 1 per cent, but exports to overseas countries and the United States were up by 18.1 per cent and 23.8 per cent respectively. Imports were up by 18.4 per cent. Our balance of trade showed a surplus of $350 million. The deficit in

TABLE 6

VARIATIONS IN CANADIAN SELECTED INDICATORS

	1964/63	1965/64	1966/65 (*)
	%	%	%
Value of building permits	+ 15.2	+ 17.0	+ 5.9
— non-residential	+ 21.3	+ 24.3	+ 13.9
— residential	+ 10.2	+ 8.5	− 4.3
Value of shipments	+ 9.8	+ 8.0	+ 7.1
Labour income	+ 8.9	+ 11.4	+ 11.9
Personal income	+ 6.7	+ 10.7	+ 10.0
Average manufacturing hourly earnings	+ 3.6	+ 5.0	+ 5.7
Average manufacturing work week	+ 0.5	—	− 1.0
Retail trade	+ 6.1	+ 7.6	+ 6.2
Industrial production index	+ 9.3	+ 8.3	+ 7.2
Wholesale price index	+ 0.3	+ 2.1	+ 3.7
Consumer price index	+ 1.8	+ 2.4	+ 3.7
Labour force	+ 2.7	+ 3.0	+ 3.9
— employed	+ 3.7	+ 3.8	+ 4.2
— unemployed	− 13.4	− 13.6	− 4.6
Gross national product	+ 9.2	+ 9.7	+ 10.6

(*) Based on estimated data.
SOURCE: *Canadian Statistical Review* (11-003), D.B.S.

the balance of payments for 1966 is estimated at one billion dollars. This is largely due to the drop in interest and dividend payments received from abroad and to the increase in aid to foreign countries.

The construction slowdown, stock-piling and increased imports account for the slow growth of the gross national product in the last quarter of 1966. This downward trend was offset by steady government and consumer spending and by increased exports, so that the economic growth rate was slightly higher than the year before.

TABLE 7

MERCHANDISE EXPORTS AND IMPORTS

CANADA

	Exports				Imports			
	1963	1964	1965	1965	1963	1964	1965	1966
	millions of dollars							
United States	3,916.2	4,436.9	5,030.9	5,051.7 (2)	4,458.2	5,164.3	6,105.0	6,497.9 (1)
United Kingdom	1,016.3	1,207.0	1,185.5	941.8 (2)	525.5	573.9	619.9	611.3 (1)
Common Market	487.1	565.8	636.0	471.1 (3)	341.6	405.6	513.9	393.5 (3)
Japan	298.0	332.3	317.3	293.8 (3)	130.4	174.3	230.2	186.9 (3)
All countries	6,989.6	8,303.5	8,764.5	8,375.7 (2)	6,549.5	7,517.8	8,633.5	9,012.2 (1)

(1) First eleven months.
(2) First ten months.
(3) First nine months.
SOURCE: *Canadian Statistical Review* (11-003), D.B.S.

ECONOMIC GROWTH IN QUÉBEC

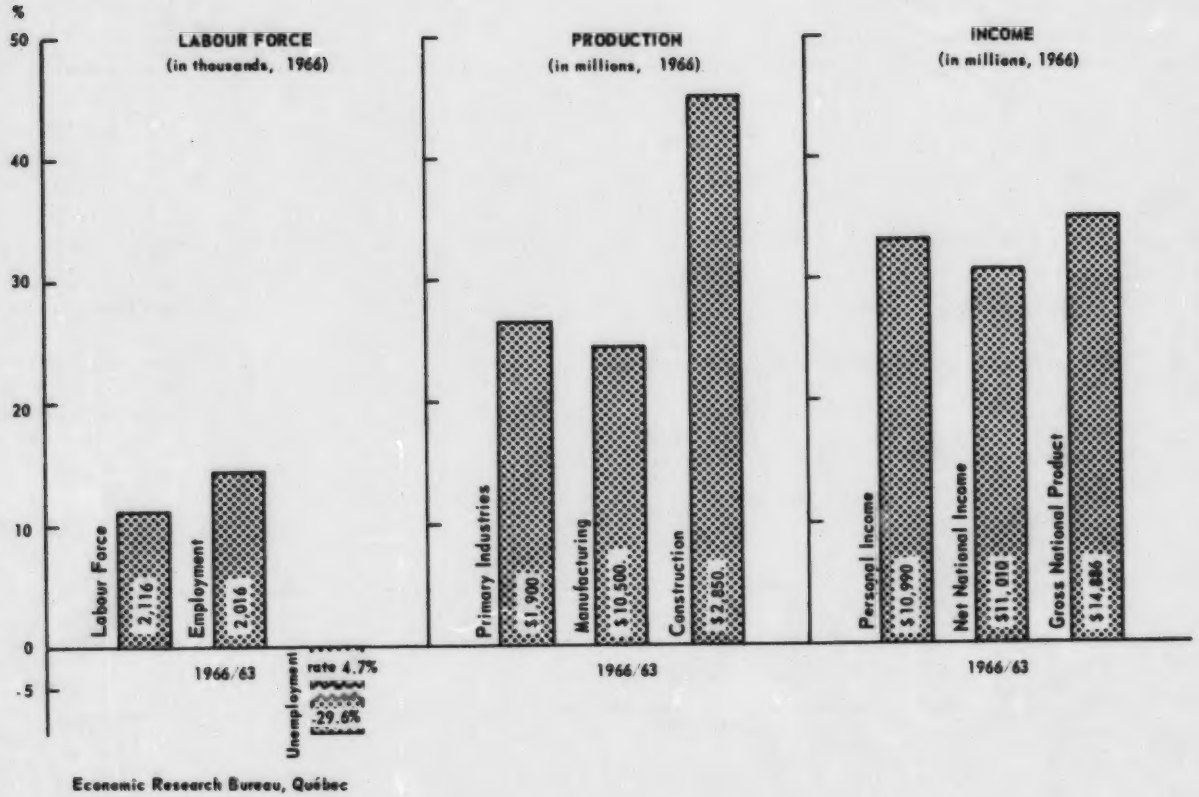

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CHART III

Quebec

In Quebec, 1966 will go on record as an outstanding year, marked by rapid economic growth and changes in its industrial structure, particularly in the manufacturing sector. While the fast growth rate and the progress that has been accomplished enhance Quebec's economic prospects, they do not completely blot out certain weaknesses, such as unemployment and regional disparities in income. These problems can only be solved by a consistent economic development policy. For the third consecutive year, Quebec's economic growth rate (in money terms) topped 9 per cent. According to latest estimates, the 1966 growth rate was about 12 per cent, an 8 per cent increase in real terms. *

TABLE 8

ECONOMIC GROWTH IN QUEBEC

	G.N.P. (1) at Market Prices	N.N.I. (2) at Factor Cost	N.N.I. (2) per Wage-Earner	Current Consumer Spending per Capita
	millions of dollars		dollars	
1963 (*)	11,028	8,424	4,781	1,283
1964 (*)	12,160	9,214	5,043	1,341
1965 (**)	13,293	10,031	5,246	1,467
1966 (***)	14,886	11,019	5,466	1,636

(1) Gross National Product.
(2) Net National Income.
(*) Revised.
(**) Preliminary.
(***) Estimated.
SOURCE: *Economic Research Bureau, Dept. of Industry and Commerce, Quebec.*

* In the past, the Quebec economy has been slowing down in the last quarter of each year. In 1966, however, pressure on the labour market continued until the end of the year, with an attendant rise in employment, labour cost and weekly working hours. This explains why we underestimated the performance of the Quebec economy during 1966 in our preliminary report.

The value of goods and services produced by Quebecers totalled $14,900 million against $13,293 million in 1965. Expansion continued despite some decrease in residential construction. The expansionary trend which has benefited the industrial sectors and the economy as a whole may be attributed to the heavy investments (24 per cent of GNP) made in recent years. In 1966, 104,000 new jobs were created in Quebec — 35.9 per cent of the Canadian total.

Following a 5.4 per cent increase in employment and a 7.7 per cent increase in weekly earnings, personal income rose by 9 per cent per head, from $1,755 in 1965 to $1,913 in 1966. Remuneration of economic agents, based on net national income at factor cost, was 9.8 per cent higher than in 1965.

TABLE 9

VARIATIONS IN SELECTED INDICATORS IN QUEBEC

	1964/63	1965/64	1966/65 (*)
	%	%	%
Total value of building permits	+ 9.1	+ 14.1	− 14.4
— non-residential	+ 17.2	+ 17.1	− 10.5
— residential	+ 2.4	+ 11.0	− 6.9
Value of shipments	+ 8.9	+ 5.7	+ 8.0
Labour income	+ 8.5	+ 8.5	+ 12.9
Personal income	+ 8.8	+ 10.5	+ 10.7
Average manufacturing hourly earnings	+ 3.4	+ 4.4	+ 6.9
Retail trade	+ 4.9	+ 6.8	+ 5.1
Consumer price index (Montreal)	+ 1.6	+ 2.1	+ 3.0
Labour force	+ 2.5	+ 3.6	+ 4.6
— employed	+ 3.7	+ 4.7	+ 5.4
— unemployed	− 12.7	− 12.1	− 8.3
Gross National Product (Quebec)	+ 10.3	+ 9.3	+ 12.0

(*) Based on estimated data.

SOURCES: *Economic Research Bureau, Quebec.*
Building Permits (64-001).
Inventories, Shipments and Orders in Manufacturing Industries (31-001).
Retail Trade (63-005).
Estimates of Labour Income (72-005).
Prices and Price Indexes (62-002).
Labour Force (71-001), D.B.S.

Labour income was $7,668 million, an increase of about 11 per cent. Net income of individual non-farm enterprises rose by 8.3 per cent and farmers' net income took a leap of 37.6 per cent. The rise in farmers' income is due to increased output and higher prices of farm products on the one hand, and to increased aid in the form of Federal and Quebec Government subsidies — totalling $33 million in 1966 — on the other. As a result of wage pressure and higher costs, corporation profits before taxes rose only by 4 per cent against 7 per cent in 1965. The following pages contain an analysis of economic activity in each sector.

CHAPTER I

Population, Labour, Employment and Unemployment

Section I

Population

According to estimates issued in June 1966, Quebec's population numbers 5,744,000 or 28.8 per cent of the Canadian population. In 1966, the population increased by only 1.5 per cent, the lowest annual growth rate for the last ten years. An appreciable decline in the birth rate and the comparatively small number of immigrants who settled in Quebec are the main reasons for this drop.

The natural growth rate, which was 21.8 per 1,000 population in 1956, has since fallen by 39.9 per cent and was only 13.1 per 1,000 in 1966. The 1956 and 1966 figures were 17.9 and 12.2, respectively, per 1,000 population for Canada.

Despite its lower natural growth rate, Ontario's population is augmented by an ever-growing number of immigrants. The 737,786 immigrants who arrived in Ontario between 1955 and 1965 were equivalent to a natural growth rate of 64.5 per cent ; during the same period, Quebec received an immigration equal to only 27.7 per cent of its natural growth.

Quebec's growing employment potential and the Government's new immigration and labour policies will certainly contribute to a more balanced population growth.

TABLE 10

POPULATION GROWTH

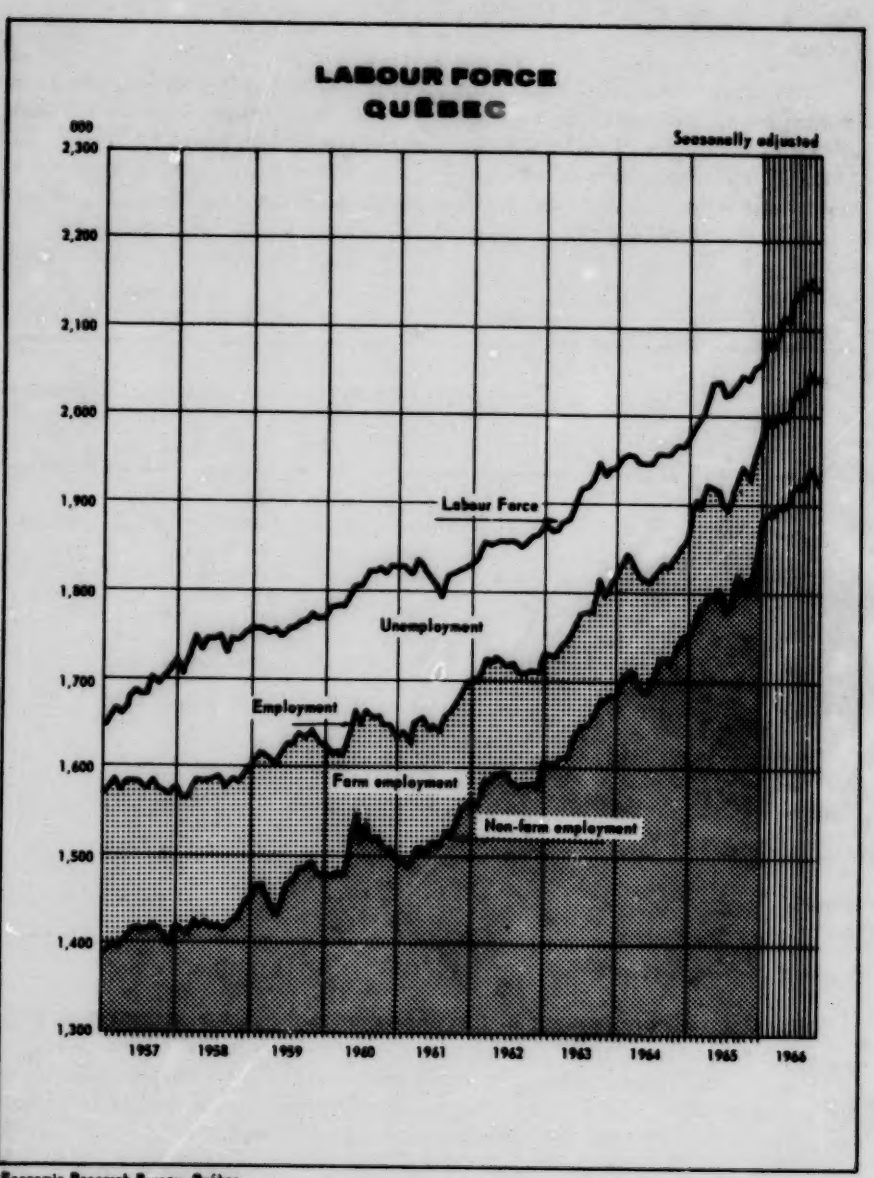
	Population '000	Birth Rate per 1,000 pop.	Death Rate per 1,000 pop.	Natural Increase Rate per 1,000 pop.	Immigration Rate per 1,000 pop.	Annual Population Growth Rate
			QUEBEC			%
1956	4,628	29.4	7.6	21.8	6.8	2.5
1957	4,769	29.7	7.6	22.1	11.5	3.0
1958	4,904	28.8	7.3	21.5	5.8	2.8
1959	5,024	28.3	7.2	21.1	4.9	2.4
1960	5,142	26.8	6.8	20.0	4.6	2.3
1961	5,259	26.1	7.0	19.1	3.2	2.3
1962	5,366	25.2	6.9	18.3	3.6	2.0
1963	5,468	24.4	7.0	17.4	4.3	1.9
1964	5,562	23.5	6.8	16.7	4.7	1.7
1965	5,657	21.9	6.7	14.5	5.4	1.7
1966 (*)	5,744	20.0	6.9	13.1	7.7	1.5
			ONTARIO			
1956	5,405	26.6	8.7	17.9	16.8	2.6
1957	5,636	26.8	8.7	18.1	26.1	4.3
1958	5,821	26.2	8.4	17.8	11.0	3.3
1959	5,969	26.3	8.5	17.8	10.0	2.5
1960	6,111	26.1	8.4	17.7	8.9	2.4
1961	6,236	25.3	8.2	17.1	5.9	2.0
1962	6,342	24.6	8.2	16.4	5.9	1.7
1963	6,448	24.1	8.3	15.8	7.6	1.7
1964	6,586	23.2	7.9	15.3	9.3	2.1
1965	6,731	21.4	8.1	12.9	11.8	2.2
1966 (*)	6,895	19.5	7.9	11.5	15.2	2.4
			CANADA			
1956	16,081	28.0	8.2	19.8	10.3	2.4
1957	16,610	28.2	8.2	20.0	17.0	3.3
1958	17,080	27.5	7.9	19.6	7.3	2.8
1959	17,483	27.4	8.0	19.4	6.1	2.4
1960	17,870	26.8	7.8	19.0	5.8	2.2
1961	18,238	26.1	7.7	18.4	3.9	2.1
1962	18,570	25.3	7.7	17.6	4.0	1.8
1963	18,896	24.6	7.8	16.8	4.9	1.8
1964	19,235	23.5	7.6	15.9	5.9	1.8
1965	19,571	21.6	7.5	13.8	7.5	1.7
1966 (*)	19,919	19.8	5.7	12.2	9.7	1.8

(*) Estimated.

NOTE: Population at June 1.

SOURCES: *Canadian Statistical Review* (11-003), D.B.S.
Vital Statistics (84-201 & 84-202), D.B.S.
Immigration, Dept. of Citizenship and Immigration, Ottawa. (*Quarterly Bulletin*).

CHART IV



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Section II

Labour

The labour force, which has been rapidly increasing in recent years, rose in 1966 by 4.7 per cent, the highest rate since the present expansion began in 1961. The number of those who were in the labour market in 1966 averaged 2,116,000. The proportion of the 14-19 age group was less considerable than in previous years, but there was a larger participation among other age groups, particularly the 20-24 group.

Table 11

DISTRIBUTION AND RATE OF GROWTH OF LABOUR FORCE BY AGE GROUPS
QUEBEC

Age group	1963	1964	1965	1966	1964/63	1965/64	1966/65
	'000				%		
14 to 19	206	216	229	235	+ 4.8	+ 6.0	+ 2.6
20 to 24	287	299	316	342	+ 4.2	+ 5.7	+ 8.2
25 to 44	852	872	892	920	+ 2.3	+ 2.3	+ 3.1
45 to 64	499	516	534	564	+ 3.4	+ 3.5	+ 5.6
65 and over	48	48	50	55	—	+ 4.2	+ 10.0
Total	1,904	1,951	2,021	2,116	+ 2.5	+ 3.6	+ 4.7

Source: *Special Surveys Division* (9603-101), D.B.S.

There were more women in the labour market. In the non-farm sector, the number of women in the labour market increased by 58,000 between 1965 and 1966. Female labour in these sectors rose by 10.4 per cent over the previous year, while the number of women employed in the farm sector remained stable, despite the extreme scarcity of labour.

Chart V

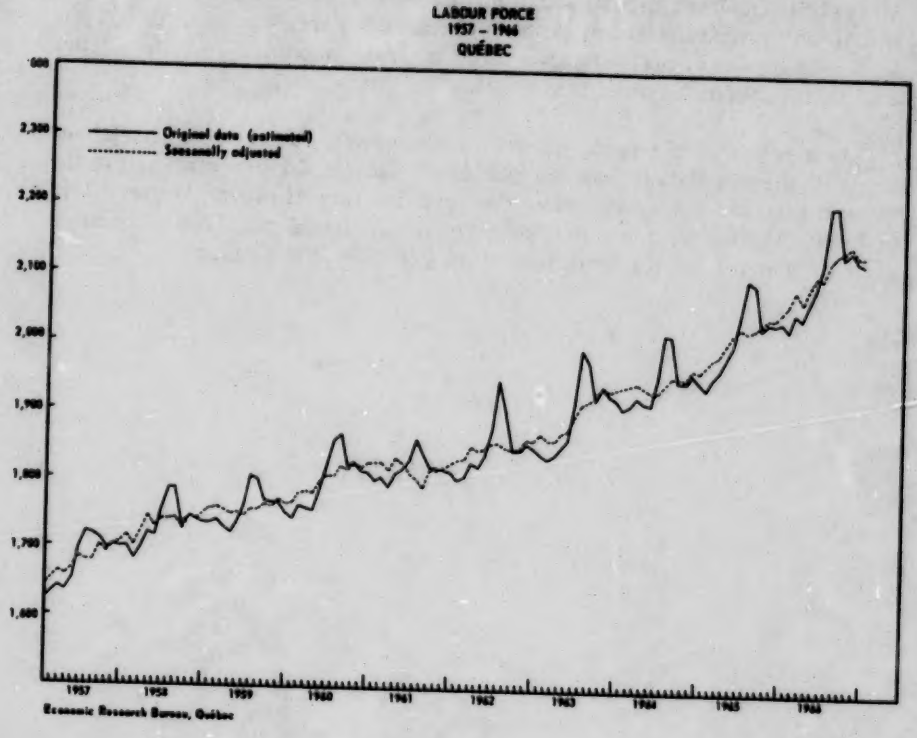

Table 12

MALE AND FEMALE LABOUR FORCE FARM AND NON-FARM SECTORS QUEBEC

Labour force	1963	1964	1965	1966	1964/63	1965/64	1966/65
	'000				%		
Farm Labour							
— Men	119	111	106	97	− 6.7	− 4.5	− 8.5
— Women	8	8	12	12	—	+ 50.0	—
— Total	127	119	118	109	− 6.3	− 0.8	− 7.6
Non-farm Labour							
— Men	1,277	1,311	1,350	1,396	+ 2.7	+ 3.0	+ 3.4
— Women	500	521	553	611	+ 4.2	+ 6.1	+ 10.4
— Total	1,777	1,832	1,903	2,007	+ 3.2	+ 3.8	+ 5.5

Source: *Special Surveys Division* (9603-101), D.B.S.

A constant decline in farm labour is inherent in industrial development. Since 1951, Quebec's industrialization has been speeded up by the concentration and mechanization of farming operations. Farm labour, which represented 7.8 per cent of the labour force in 1961, amounted to only 5.2 per cent of the labour force in 1966.

As a result of the rapid growth of manpower, the ratio of the labour force to the population was 368 per 1,000. This is 6.6 per cent below the Ontario rate and 1 per cent below the Canadian rate. However, between 1963 and 1966, the labour force in Quebec increased by 20 per 1,000 population against 10 per 1,000 for Ontario and 15 per 1,000 for Canada.

CHART VI

LABOUR FORCE BY AGE GROUP
% CHANGES AS COMPARED WITH 1963
QUÉBEC

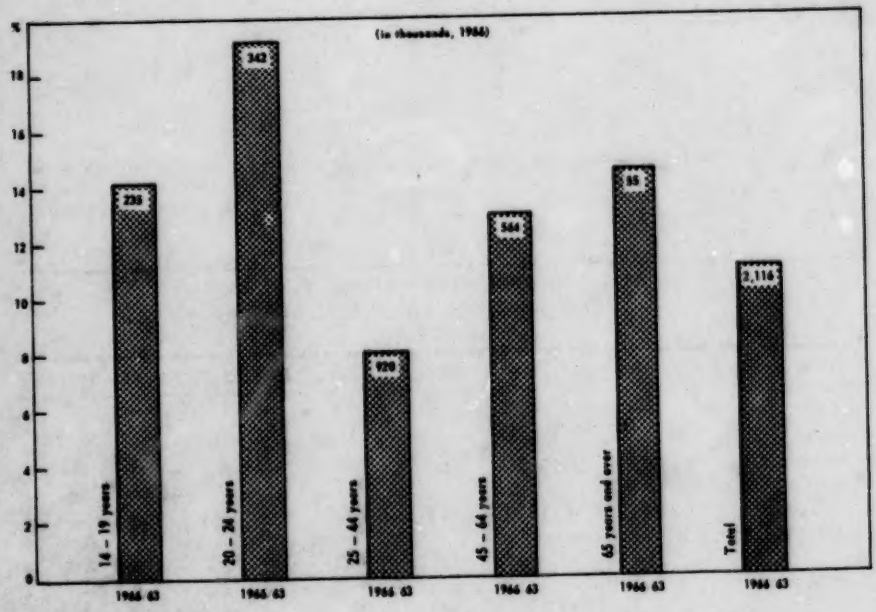

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TABLE 13

NUMBER OF WORKERS PER 1,000 POPULATION

	QUEBEC	ONTARIO	CANADA
1957	352	397	362
1958	354	389	359
1959	350	385	357
1960	351	389	359
1961	346	385	358
1962	345	382	356
1963	348	384	357
1964	351	388	360
1965	357	388	365
1966	368	394	372

SOURCES: *Labour Force* (71-001), D.B.S.
Canadian Statistical Review (11-003), D.B.S.

SECTION III

Employment

Quebec's record figure of 85,000 new jobs in 1965 was surpassed in 1966 with 104,000 new jobs, an increase of 22.4 per cent.

CHART VII

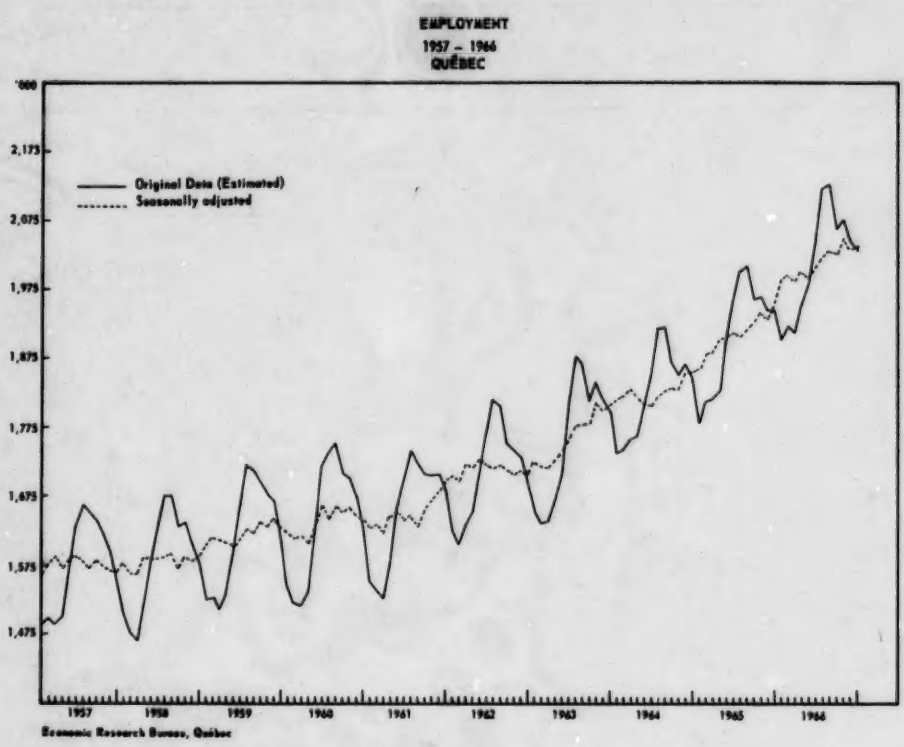

TABLE 14

LABOUR FORCE INCREASE RELATIVE TO PRECEDING YEAR QUEBEC

	Total Labour Force			Employed Labour Force		
	Quebec	Ontario	Canada	Quebec	Ontario	Canada
			number			
1963	52,000	54,000	133,000	49,000	65,000	150,000
1964	47,000	80,000	185,000	65,000	91,000	234,000
1965	70,000	58,000	208,000	85,000	75,000	253,000
1966	94,000	105,000	279,000	104,000	103,000	290,000

SOURCE: *Labour Force* (71-001), D.B.S.

In the past six years employment has been growing faster than the labour force. The 5.4 per cent rise in employment in 1966 represented the largest annual increase for the six-year period. In 1966, 2,016,000 persons were employed and employment increased considerably in all age groups. Increases ranged from 9.1 per cent for the 20-24 age group to 5.9 per cent for the 45-64 age group, while the over-65 group recorded an increase of 10.6 per cent.

Chart VIII

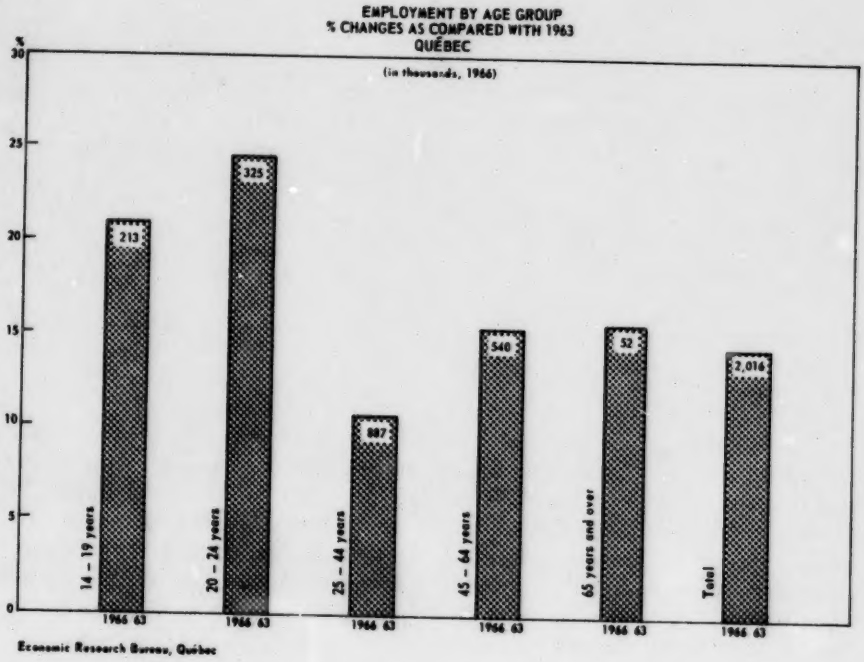

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TABLE 15

EMPLOYED LABOUR FORCE AND RATE OF GROWTH BY AGE GROUPS
QUEBEC

Age Group	1963	1964	1965	1966	1964/63	1965/64	1966/65
	'000				%		
14 to 19	176	190	204	213	+ 8.0	+ 7.4	+ 4.4
20 to 24	261	275	298	325	+ 5.4	+ 8.4	+ 9.1
25 to 44	801	829	853	887	+ 3.5	+ 2.9	+ 4.0
45 to 64	468	487	510	540	+ 4.1	+ 4.7	+ 5.9
65 and over	45	46	47	52	+ 2.2	+ 2.2	+ 10.6
Total	1,762	1,827	1,912	2,016	+ 3.7	+ 4.7	+ 5.4

SOURCE: *Special Surveys Division* (9603-101), D.B.S.

The number of new jobs in Quebec during 1966 represented 35.9 per cent of all new jobs created in Canada during the same period. As a result of this upward trend, the employment rate per 1,000 population in Quebec is gradually approaching the Canadian average. In 1966, 351 per 1,000 population were employed in Quebec against 359 per 1,000 in Canada and 384 per 1,000 in Ontario. Between 1963 and 1966, the increase in the number of persons employed per 1,000 population was 29 for Quebec compared with 15 for Ontario and 22 for Canada.

There was a considerable increase in employment in all economic sectors, particularly in the eleven industries employing over 60 per cent of the labour force and for which monthly data are available.

TABLE 16

NUMBER OF PERSONS EMPLOYED PER 1,000 POPULATION

	QUEBEC	ONTARIO	CANADA
1957	330	383	345
1958	323	368	334
1959	322	368	336
1960	319	368	336
1961	314	364	352
1962	319	365	335
1963	322	369	337
1964	328	375	344
1965	339	379	351
1966	351	384	359

SOURCES: *Labour Force* (71-001),
Canadian Statistical Review (11-003), D.B.S.

The upward trend did not manifest itself in all sectors. In the primary sector, faster economic growth led to a marked decline in farm employment; employment in mining and forestry is likely to remain stable or diminish as a result of increased rationalization and automation. Considerable growth of investment in the past three years has led to increased employment. The number of workers employed in the service trades has been constantly rising. In 1966, employment in the whole service sector was up by 4.5 per cent over 1965. Miscellaneous services recorded the largest gain.

TABLE 17

GROWTH OF EMPLOYMENT

QUEBEC

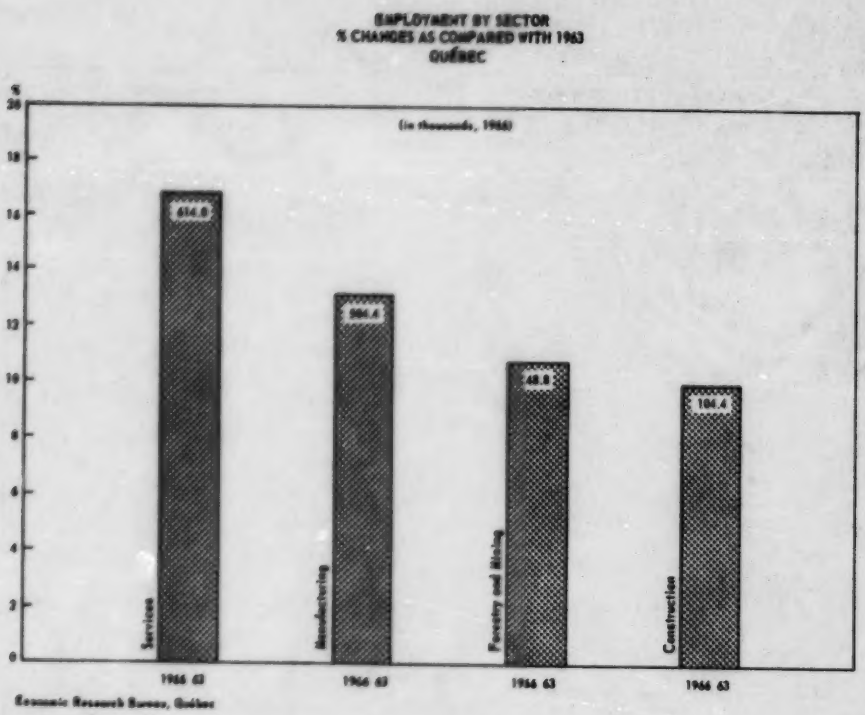
	1963	1964	1965	1966 (*)	1964/63	1965/64	1966/65
		'000				%	
Forestry and Mining	44.1	46.3	47.8	48.8	+ 5.0	+ 3.2	+ 2.1
Manufacturing	445.6	463.8	480.7	504.4	+ 4.1	+ 3.6	+ 4.9
Durable Goods	160.1	168.9	178.6	193.6	+ 5.5	+ 5.7	+ 8.4
Non-Durable Goods	285.6	294.8	302.1	310.8	+ 3.2	+ 2.5	+ 2.9
Construction	95.0	97.9	101.9	104.4	+ 3.1	+ 4.1	+ 2.5
Services : total	525.5	552.7	587.3	614.0	+ 5.2	+ 6.3	+ 4.5
Transportation, Communications and other public utilities	153.5	158.2	164.3	169.1	+ 3.1	+ 3.9	+ 2.9
Trade	202.3	211.1	222.2	231.7	+ 4.3	+ 5.3	+ 4.3
Finance, Insurance and Real Estate	60.4	64.1	67.9	69.7	+ 6.1	+ 5.9	+ 2.6
Services (1)	109.3	119.3	132.7	143.5	+ 9.1	+ 11.2	+ 8.1
Total of above-mentioned industries	1,106.8	1,160.9	1,217.7	1,271.6	+ 4.9	+ 4.9	+ 4.4

(*) Estimated.

(1) Includes health services (except hospitals); motion pictures and recreational services; services to business management; personal services (except domestic services) and miscellaneous services.

SOURCE: *Estimates of Employees by Province and Industry* (72-008), D.B.S.

CHART IX



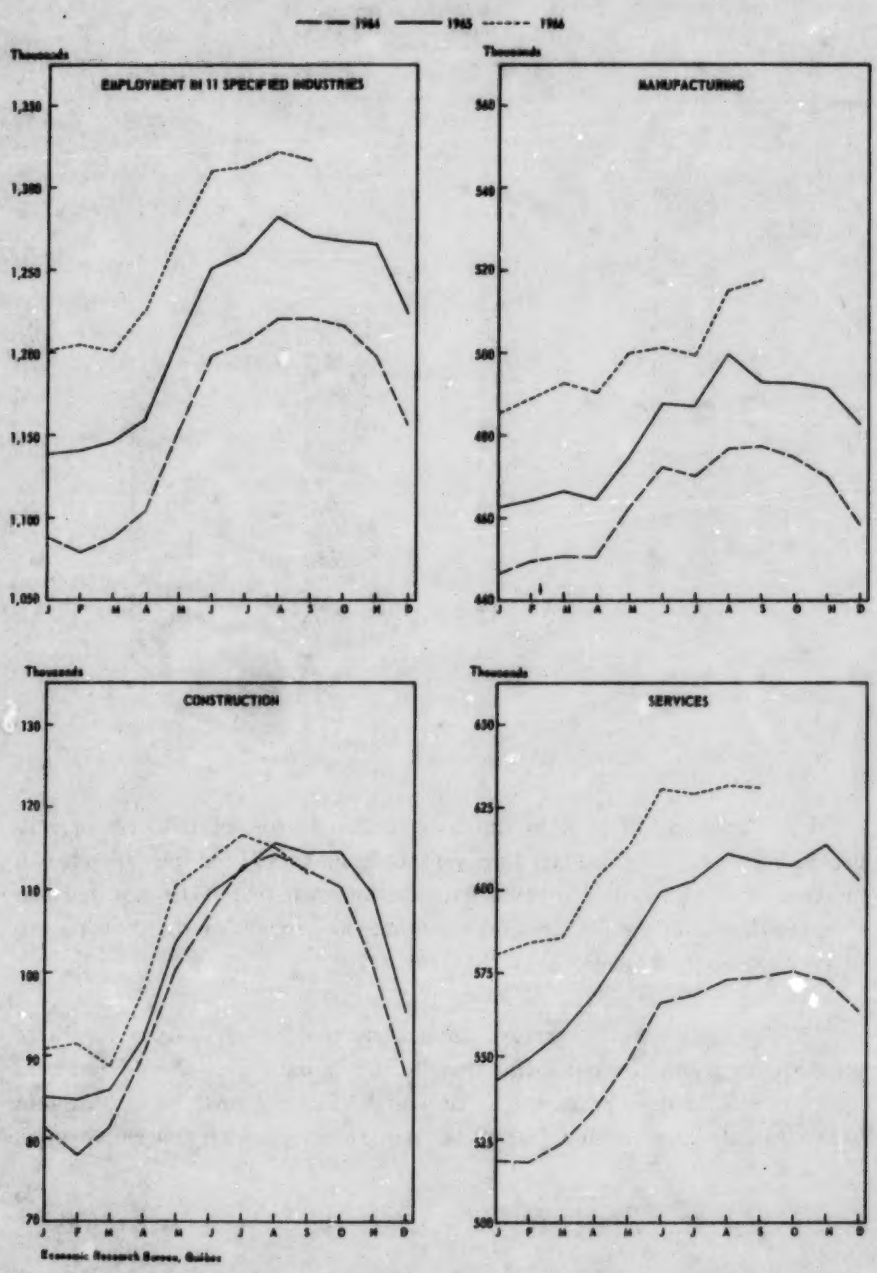
The slackening of pace in the construction sector, particularly in residential construction, since last June was the main reason for the rather small increase in employment compared with the last two years. The slowdown in the growth rate of employment may continue as a result of the growing use of prefabricated elements.

In 1966, following an average annual increase of 4 per cent for three years running, employment in the manufacturing industries was 4.9 per cent up over 1965. Another positive feature was the faster growth of employment in the durable goods sector. During the past three years, annual employment

CHART X

SEASONAL EMPLOYMENT AMPLITUDE IN VARIOUS SECTORS

QUÉBEC



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growth in the durable goods sector was 6.5 per cent against 2.8 per cent in the non-durable goods sector. In 1966, employment rose by 8.4 per cent in the durable goods sector against 2.9 per cent in the non-durable goods sector. The analysis of industrial sectors which forms part of this report shows that the upward movement in employment, particularly in the durable goods sector, has been indirectly responsible for the upswing in the Quebec economy and the improved balance of its sectors.

As a result of the improved employment situation, seasonal employment variations in most branches have been becoming more regular from year to year, although in 1966 activity in the construction industry tapered off a month earlier than in previous years. This was due to scarcity of capital and to the suspension of the $500 payment offered as a house-building incentive.

Section IV

Unemployment

The fact that employment grew faster than the labour force as a result of continued economic expansion has caused a drop in the unemployment rate. In 1966, the unemployment rate — 4.7 per cent of the labour force — was the lowest since 1957.

A careful examination of the number of unemployed and the rate of unemployment by age group reveals that unemployment is particularly high in the 14-19 age group. For the past ten years, the unemployment rate in this age group has fluctuated between 9.2 per cent and 15.8 per cent. In 1966, the 14-19 group had the highest unemployment rate of all age groups (9.4 per cent). The second highest rate was recorded in the 20-24 age group, where the rate of unemployment for the same 10-year period varied between 5 and 11.5 per cent. In 1966, unemployment in this age group was 5 per cent, the lowest unemployment rate recorded for the past ten years.

TABLE 18

UNEMPLOYMENT IN QUEBEC

	Number of Unemployed	Unemployment Rate
	'000	%
1957	101	6.1
1958	153	8.8
1959	138	7.9
1960	164	9.2
1961	168	9.3
1962	139	7.5
1963	142	7.5
1964	124	6.4
1965	109	5.4
1966	100	4.7

SOURCE: *Labour Force* (71-001), D.B.S.

CHART XI

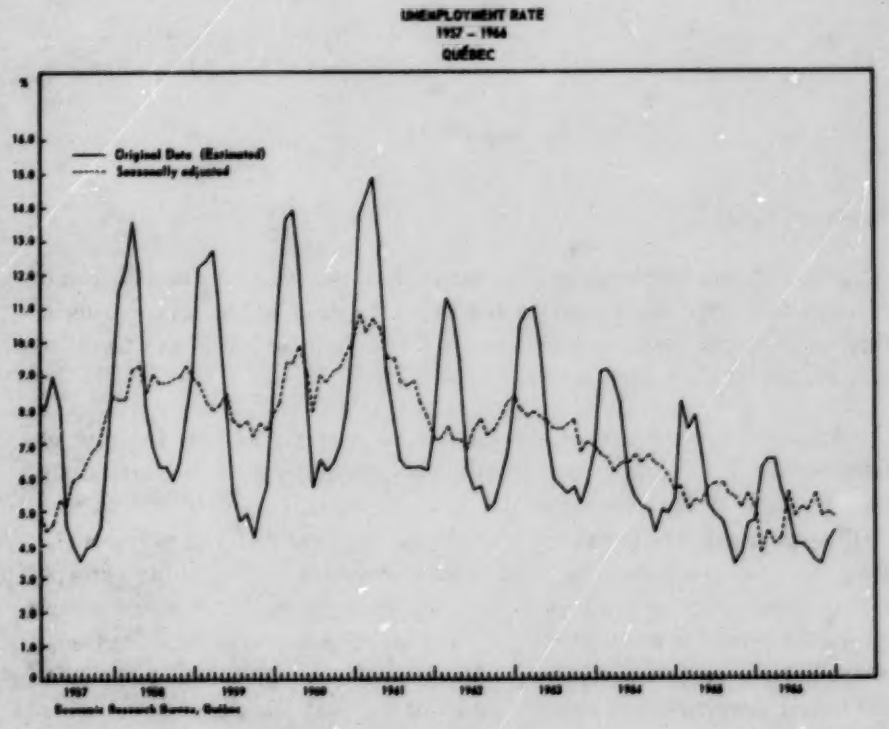


TABLE 19

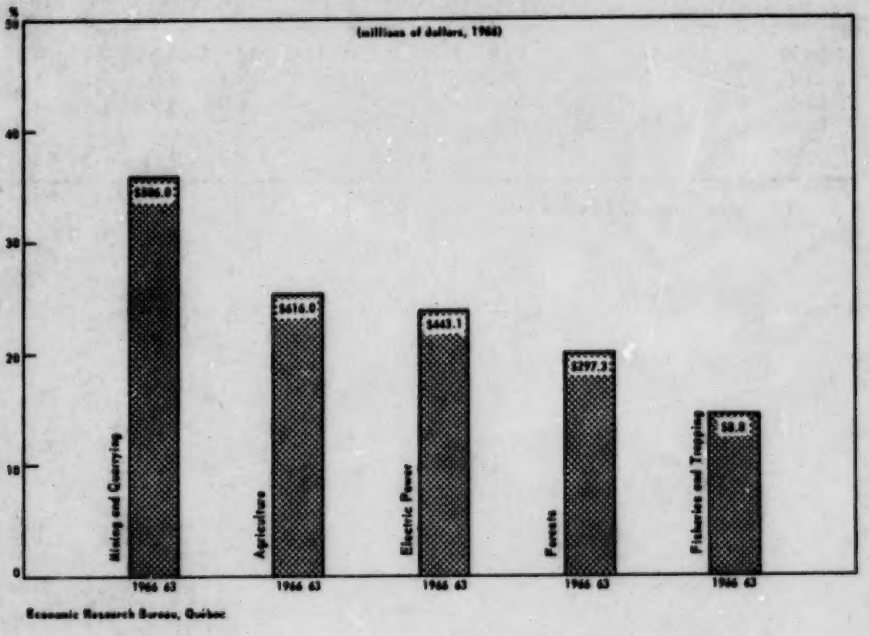
UNEMPLOYMENT RATE OF LABOUR FORCE
(PER CENT)
QUEBEC

Age group	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
14 to 19	9.6	14.6	12.9	15.7	15.8	13.0	14.6	12.0	9.2	9.4
20 to 24	7.8	10.7	9.5	11.5	10.9	8.8	9.1	8.0	5.7	5.0
25 to 44	4.8	7.2	6.5	7.5	8.1	6.1	6.0	4.9	4.4	3.7
45 to 64	3.0	7.0	6.2	7.3	7.8	6.7	6.2	5.6	4.5	4.3
65 and over	6.1	6.1	4.2	6.4	6.5	6.7	6.3	4.2	6.0	5.5

SOURCE: *Special Surveys Division* (9603-101), D.B.S.

CHART XII

GROSS PRODUCTION VALUE: PRIMARY SECTOR
% CHANGES AS COMPARED WITH 1963
QUÉBEC



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CHAPTER II

Primary Sector

Between 1961 and 1966, there was a slight decrease in the contribution of the primary sector. In proportion to the over-all production of commodities, the primary sector's production value fell from 12.7 per cent in 1961 to 12.3 per cent in 1966. Production value rose nevertheless by 42.4 per cent between 1961 and 1966, and the average annual growth rate was 8.5 per cent. Despite its steady decline, the labour force in this sector represents 10 per cent of the employment total.

An analysis of each branch of the primary sector — agriculture, fisheries, forestry, mining, power production — shows that the primary sector remains one of the mainstays of the Quebec economy. Structural improvements and a considerable rise in productivity attest the dynamism of this sector.

Section I

Agriculture *

Gross farm income in 1966 was $657 million, a 9.2 per cent increase over 1965. Between 1961 and 1966, the annual growth rate of gross income averaged 5.8 per cent. As income in kind is a relatively stable component of gross income, the improvement may be attributed to the 10.6 per cent rise in cash income, 3.2 per cent of which comes from subsidies granted to the dairy industry.

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* Figures relating to income and expenditure have been revised in accordance with the 1961 census and the 1958 survey of farm income and expenditure.

CHART XIII

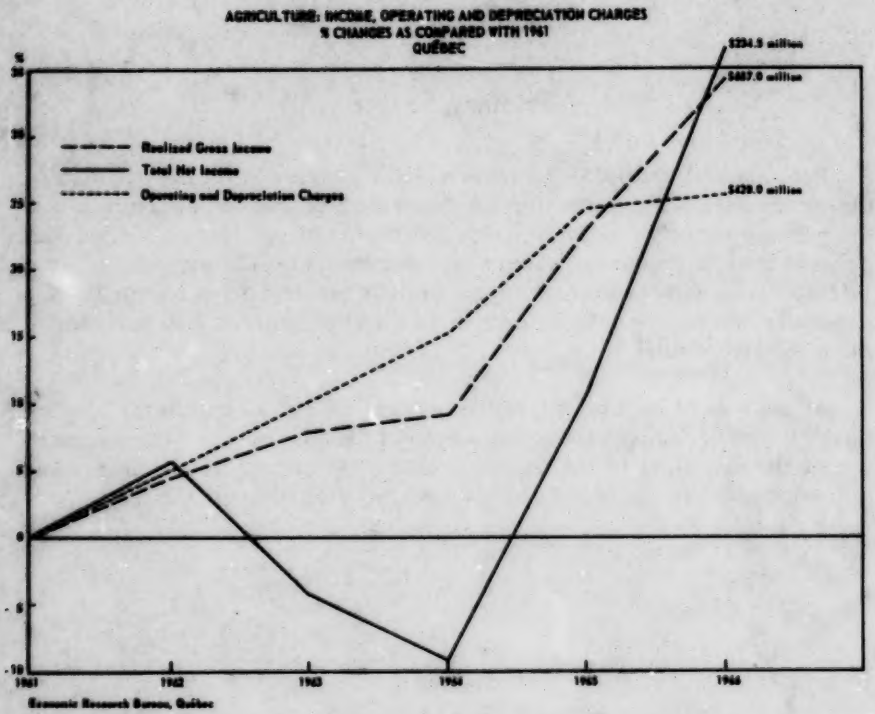


TABLE 20

FARM INCOME, OPERATING COSTS AND DEPRECIATION CHARGES QUEBEC

	1963	1964	1965	1966 (*)
		thousands of dollars		
Cash receipts	454,417	458,212	521,741	577,000
Income in kind	72,797	75,110	79,970	80,000
Realized gross income	527,214	533,322	601,711	657,000
Operating costs and depreciation charges	380,102	392,336	422,825	428,000
Realized net income	147,112	140,986	178,886	229,000
Value of inventory changes	— 912	−1,133	−8,505	+5,500
Total net income	146,200	139,853	170,381	234,500

(*) Figures estimated by the Economic Research Bureau, Québec, in conjunction with the Agriculture Section of the Québec Bureau of Statistics.

SOURCE: *Farm Net Income* (21-202), D.B.S.

Net income rose by 37.6 per cent during the year. This increase is due to an over-all production increase, better prices, stable operating costs and larger government subsidies.

There has not been any appreciable change in the distribution of cash income by agricultural sector during the past few years. Sales of dairy products, livestock and animal products accounted for 86.6 per cent of farm income, compared with 85.6 per cent for 1965 and 84.9 per cent for 1964. There were marked changes in the structure of farm production: for instance, the share of cash income from poultry sales rose from 14.4 per cent in 1961 to 16.6 per cent in 1966; income from poultry sales rose by 86.1 per cent.

TABLE 21

FARM CASH INCOME: MAIN SOURCES
QUEBEC

	1963	1964	1965	1966 (*)
	thousands of dollars			
Crops	49,047	51,616	55,052	55,000
Supplementary payments — dairy	168,747	176,059	190,852	196,000
Livestock and animal products, excluding milk	215,035	213,007	240,730	270,000
Forest products including maple products	21,309	17,367	19,162	22,000
Deficiency payments from Ottawa (eggs, wool, sugar-beets)	279	163	773	1,000 (1)
Milk subsidies from I) Ottawa	—	—	6,750	24,500
II) Québec	—	—	8,422	8,500
Total	454,417	458,212	521,741	577,000

(1) Includes payments to apple-growers by Québec Government.
(*) Figures estimated by the Economic Research Bureau, Québec, in conjunction with the Agriculture Section of the Québec Bureau of Statistics.
SOURCES: *Farm Cash Receipts* (21-001), D.B.S.
Agriculture Section, Québec Bureau of Statistics.

Subsidies granted by the Federal Government and Quebec totalled $33 million, $18 million more than in 1965.

The constant increase in operating costs in recent years is typical of an expanding agriculture. In 1966, costs rose by only 1.2 per cent as opposed to annual increases ranging from 3.2 per cent to 7.8 per cent between 1961 and 1965. We were therefore witnessing a certain stabilization in 1966. While operating costs represented 70.3 per cent of gross income in 1965, they amounted to only 65.1 per cent in 1966. A rapid rise in income and lower livestock feed costs due to better fodder crops accounted for this drop.

TABLE 22

MAIN COMPONENTS OF OPERATING COSTS AND DEPRECIATION CHARGES
QUEBEC

	1963	1964	1965	1966 (*)
	thousands of dollars			
Livestock feed	127,825	129,103	143,762	138,000
Farm machinery	48,687	51,544	51,824	52,100
Wages	26,971	26,820	30,104	30,300
Interest payments	21,751	24,164	26,528	28,900
Fertilisers including lime	15,334	16,278	18,949	20,000
Taxes	17,560	19,000	20,000	21,000
Building repairs	19,363	17,282	18,612	19,000
Depreciation of:				
1) buildings	20,198	21,006	22,420	24,000
2) farm machinery	30,914	33,234	34,992	37,000
Total	380,102	392,336	422,825	428,000

(*) Figures estimated by the Economic Research Bureau, Quebec, in conjunction with the Agriculture Section of the Quebec Bureau of Statistics.

SOURCE: *Farm Net Income* (21-202), D.B.S.

TABLE 23

MAIN COMPONENTS OF OPERATING COSTS AND DEPRECIATION CHARGES
% DISTRIBUTION
QUEBEC

	1963	1964	1965	1966 (*)
Livestock feed	33.6	32.9	34.0	32.2
Farm machinery	12.8	13.1	12.3	12.2
Wages	7.1	6.8	7.1	7.1
Interest payments	5.7	6.2	6.3	6.8
Fertilizers including lime	4.0	4.1	4.5	4.7
Taxes	4.6	4.8	4.7	4.9
Building repairs	5.1	4.4	4.4	4.4
Depreciation of:				
1) buildings	5.3	5.4	5.3	5.6
2) farm machinery	8.1	8.5	8.3	8.6
Sundries	13.7	13.8	13.1	13.5
Total	100.0	100.0	100.0	100.0

(*) Based on figures estimated by the Economic Research Bureau, Quebec, in conjunction with the Agriculture Section of the Quebec Bureau of Statistics.

The rise in farm income is largely due to an increase in the prices of farm products. Where prices came down, higher production more than made up for lower prices, so that income went up. Blueberries and strawberries are two typical examples : in 1966, bumper crops brought down prices, but the increase in crops (437 per cent for blueberries and 263 per cent for strawberries) resulted in a rise in production value of 230 per cent and 165 per cent respectively. This process was reversed in the apple-growing industry. The poor crop of 1966 was offset by a rise in prices and the predicted 14 per cent increase in production value materialized.

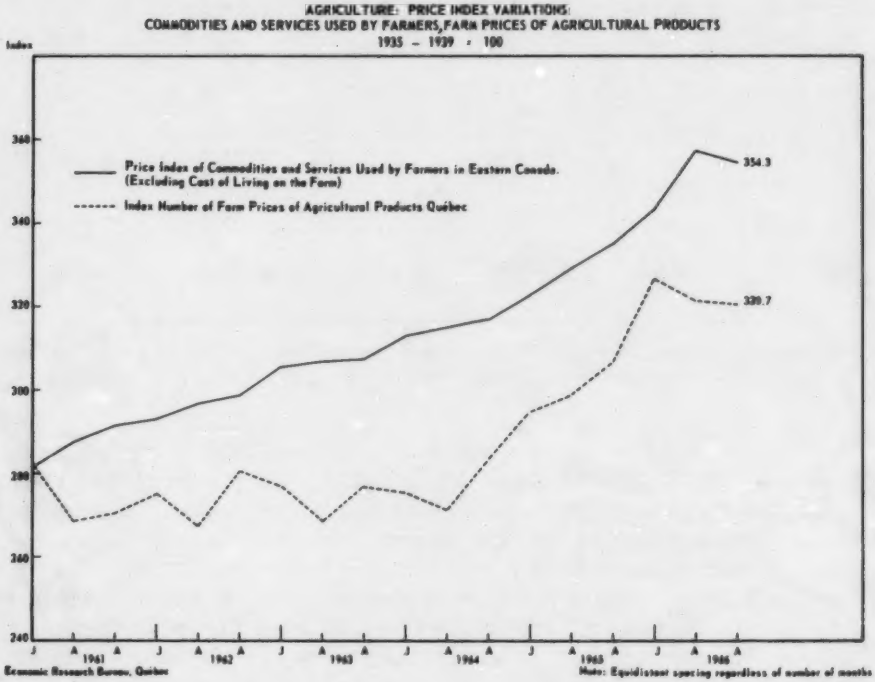
TABLE 24

FRUIT CROPS: QUANTITY AND VALUE
QUEBEC

	1965		1966	
	Quantity	Value	Quantity	Value
Blueberries (lb.)	3,081,000	$ 882,000	16,550,000	$2,923,000
Strawberries (quarts)	1,995,000	822,000	7,250,000	2,175,000
Raspberries (quarts)	1,165,000	564,000	1,345,000	565,000
Apples (bushels)	7,733,000	7,114,000	4,100,000	7,175,000

SOURCE: *Agriculture Section, Quebec Bureau of Statistics.*

CHART XIV


AGRICULTURE: PRICE INDEX VARIATIONS
COMMODITIES AND SERVICES USED BY FARMERS, FARM PRICES OF AGRICULTURAL PRODUCTS
1935 – 1939 = 100
Index
360
340
320
300
280
260
240
Price Index of Commodities and Services Used by Farmers in Eastern Canada (Excluding Cost of Living on the Farm)
Index Number of Farm Prices of Agricultural Products Québec
354.3
320.7
J A 1961 A J A 1962 A J A 1963 A J A 1964 A J A 1965 A J A 1966 A
Economic Research Bureau, Quebec
Note: Equidistant spacing regardless of number of months

The farm products price index clearly reflects this upward trend. With an average annual increase of 7.8 per cent for the last two years, it reached an all-time high of 326.0 (1935-39 = 100). The average rate of increase in the price index for goods and services used on farms in Eastern Canada was only 4.3 per cent a year for the same period. If this trend continues, it will strengthen the position of the agricultural sector in the Quebec economy.

TABLE 25

PRICE INDEX OF COMMODITIES AND SERVICES USED BY FARMERS IN EASTERN CANADA AND INDEX NUMBER OF FARM PRICES OF AGRICULTURAL PRODUCTS IN QUEBEC

1935 — 1939 = 100

	1963	1964	1965	1966
Price index of commodities and services used on farms (including cost of living on farm)	278.2	285.3	293.7	310.6
Equipment and materials	233.9	237.0	241.7	249.3
Cost of living on farm	236.1	241.1	240.8	248.7
Index number of farm prices of agricultural products	274.6	280.5	307.5	326.0 (*)

(*) Average for the first eleven months.

SOURCES: *Prices and Price Indexes* (62-002); *Index Numbers of Farm Prices of Agricultural Products* (62-003), D.B.S.

Following their regrouping in compliance with the Quebec Agricultural Marketing Act, agricultural producers have been able to improve prices and marketing conditions in recent years. The 48 marketing boards which grouped 38,000 producers in 1965 accounted for 14 per cent of the production value.

Quebec farmers have been turning more and more to the federal Farm Credit Corporation since the Quebec Government agreed to underwrite 2½

per cent of the Corporation's interest charges. In the 1965-1966 fiscal year, borrowing increased by more than $4 million over the previous year. Quebec Farm Credit Bureau loans, which have been diminishing from year to year, showed a marked decline in 1966.

Since 1961, the Quebec Government has been assuming 3 per cent of interest charges on loans made by chartered banks, savings banks and credit unions under the Farm Improvement Loans Act. In 1966, these banks made 10,459 loans totalling $21,409,367.

The purposes for which the loans are raised remain much the same over the years. In 1966, most of the loans (55.3 per cent of the total borrowed) were used for buying land (new farms and expansion) and debt consolidation. They went on livestock and farm equipment purchases and on building and repairs.

TABLE 26

LOANS TO FARMERS
QUEBEC

	Quebec Farm Credit Bureau		Farm Credit Corporation (Canada) (1)		Chartered Banks, Savings Banks and Credit Unions (2)	
	Loans		Loans		Loans	
	Number	Amount	Number	Amount	Number	Amount
	No	$'000	No	$'000	No	$'000
1963	3,352	25,455	390	5,423	10,456	18,824
1964	3,075	25,099	892	11,566	11,570	20,295
1965	2,344	20,412	1,347	17,432	12,951	22,623
1966	1,604	14,633	1,287	21,690	10,459	21,409

(1) Fiscal year corresponding to the calendar year shown.
(2) Includes only those loans approved by the Quebec Farm Credit Bureau for the 3% interest rebate under the Quebec Farm Improvement Act.
SOURCES: *Farm Credit Corporation (Canada). The Quebec Farm Credit Bureau.*

Farm labour is constantly decreasing; in 1966, there were 9,000 fewer farm workers than in 1965. This decline is due to farm mergers which resulted in a more rational use of farm equipment and higher productivity of the remaining labour force.

Fisheries

A long-term development programme, sponsored jointly by Ottawa and Quebec, has oriented the fishing industry towards offshore fishing *, whose yield is increasing in both quantity and value. In 1961, offshore landings accounted for 35.3 per cent of total landings, rising to 63.5 per cent in 1966, while landed value for the same period rose from 30.7 per cent to 45.4 per cent.

In keeping with government policy, there has been a steady increase in the number of offshore fishing units, which rose from 112 in 1961 to 152 in 1966. The 12 fishing units to be added to the offshore fleet in 1967 are trawlers ranging from 60 to 166 feet in length.

TABLE 27

FISHING VESSELS AND CREWS
QUEBEC

	Offshore fishing		Inshore fishing		Total
	Vessels	Fishermen	Vessels	Fishermen	Fishermen
			Number		
1963	136	567	2,580	3,107	3,674
1964	139	559	2,638	3,017	3,576
1965	149	615	2,836	3,302	3,917
1966 (*)	152	654	2,800	3,346	4,000

(*) Estimated.
SOURCE: *Fisheries Section*, Q.B.S.

Since 1961, the volume of offshore landings has been increasing at an average annual rate of 19.8 per cent, while their value has been increasing by 18.7 per cent annually.

* Offshore fishing requires vessels of 15 tons and over, capable of staying several days at sea.

As for inshore fishing, the numbers of fishing units and fishermen have been on the increase since 1963. As a result of greater specialization aimed at catching the most sought-after species, landings tend to go up in value and down in volume.

TABLE 28

VOLUME AND VALUE(1) OF LANDINGS(2)
QUEBEC

	Offshore Fishing		Inshore Fishing		Total	
	Volume	Value	Volume	Value	Volume	Value
	'000 lb.	$'000	'000 lb.	$'000	'000 lb.	$'000
1963	50,118	1,826	79,852	3,437	129,970	5,264
1964	60,321	2,013	70,908	3,291	131,229	5,304
1965	78,376	2,658	64,332	3,621	142,708	6,279
1966 (*)	91,723	3,000	52,757	3,600	144,500	6,600

(*) Estimated.
(1) Landed value of catches represents fishermen's gross income.
(2) Excluding seals.
SOURCE: *Fisheries Section*, Q.B.S.

At the processing level, production value in 1966 was $12.2 million, 8.1 per cent higher than the record figure of 1965. It is to be noted that part of the value added by processing is refunded to fishermen who are members of a co-operative. This refund is made after deduction of operating costs and in proportion to the weight of landings.

TABLE 29

MAIN FISHERIES STATISTICS
AT PROCESSING LEVEL
QUEBEC

	Market Value of Finished Products (1)	Employees	Salaries and Wages
	$'000	number	$'000
1963	9,389	1,338	2,335
1964	8,917	1,311	2,700
1965	11,285	1,300	2,934
1966 (*)	12,200	1,400	3,200

(1) Excluding seals.
(*) Estimated.
SOURCE: *Fisheries Section*, Q.B.S.

The fisheries are the special concern of our governments, the Quebec Government in particular, and in the near future the fishing industry will have the most up-to-date fishing and processing equipment. Operations on a larger scale have become feasible thanks to new fishing vessels which are able to remain 200 miles offshore. Quebec's fishermen now have access to fish shoals off the coasts of Labrador and Greenland.

This rational development programme includes a number of construction projects, some of which are already under way while others are still in the planning stage. Here is a list of the main projects : *

Buildings

— Cold storage plant at Cap-aux-Meules (Government of Quebec). Cost : $500,000. Construction begun in the summer of 1966 will be completed in April 1967.

— Fish processing plant at Cap-aux-Meules (Gorton Corporation). Cost : $400,000. Construction begun in the summer of 1966 will be completed in April 1967.

* SOURCE : Fisheries Division, Department of Industry and Commerce.

— Fisheries complex at Rivière-au-Renard. Capital invested : $1.5 million by Quebec, $1.5 million by United Fishermen and $500,000 by Ottawa. Construction begun in the fall of 1965 will be completed in August 1967.

— Extension of ice-storage plant at Newport (Government of Quebec). Cost : $60,000. Work begun in December 1966 will be completed in April 1967.

— Improvements in the processing plant at Paspébiac (Quebec Government property) carried out by the tenant, Les Produits de la Pêche de la Péninsule Ltée. Cost : $100,000.

— Extension of ice-storage plant and ice factory ($65,000) and construction of a thawing chamber ($75,000) by the Government of Quebec at Paspébiac. Work is to start in 1967.

Vessels

— Two 82-foot steel trawlers for offshore fishing, to be launched in May or June 1967. Owner : Canopro Ltée. Cost : $326,000 each.

— Two 87-foot wooden trawlers for offshore fishing, to be launched in the spring of 1967. One of the vessels is the property of United Fishermen, the other is owned by La Coopérative des Iles-de-la-Madeleine. Cost : $220,000. each.

— Six wooden trawlers for offshore fishing, 60 to 65 feet long, scheduled for launching. Owners : United Fishermen. Cost : $100,000. each.

— One 166-foot steel stern trawler. Delivery scheduled for July 1967. Owners : United Fishermen. Cost : $1,225,000.

— Another 166-foot steel stern trawler, owned by Les Produits de la Pêche de la Péninsule Ltée, will be ready for delivery in June or July 1967.

— One 129-foot side trawler. Owners : St. Lawrence Sea Products Ltd. Cost : $800,000.

— A training ship is to be built in 1967 (October delivery). Cost : $700,000.

Section III

Fur farming and trapping

The number of breeders fell constantly between 1960 and 1963, but now appears to have reached a steady level with about 140. The number and the value of pelts have nevertheless been increasing since 1961.

Trapping, however, was slightly behind in 1966, with a production value of $2.2 million.

Table 30

FUR PRODUCTION
QUEBEC

	Breeding			Trapping	
	Breeders	Pelts	Value	Pelts	Value
	No.	No.	$'000	No.	$'000
1963	142	93,576	1,335	359,070	2,399
1964	135	95,140	1,488	355,771	2,569
1965	140	118,441	1,500	241,145	2,324
1966 (*)	141	119,000	1,600	250,000	2,200

(*) Estimated.
Sources: *Agriculture Section*, Q.B.S.
Fur Production (23-207), D.B.S.

Section IV

Forest industries

Forest production volume in 1966 was up 3.9 per cent from 1965, but did not exceed the 1964 record output. Only pulpwood production went up (7.5 per cent), while lumber production decreased (0.9 per cent). It must be remembered that this sector is dependent on foreign markets, particularly the United States, inasmuch as processed pulpwood is concerned. In 1966, pulpwood accounted for 58 per cent of the total production volume and for 64 per cent of its value.

Chart XV

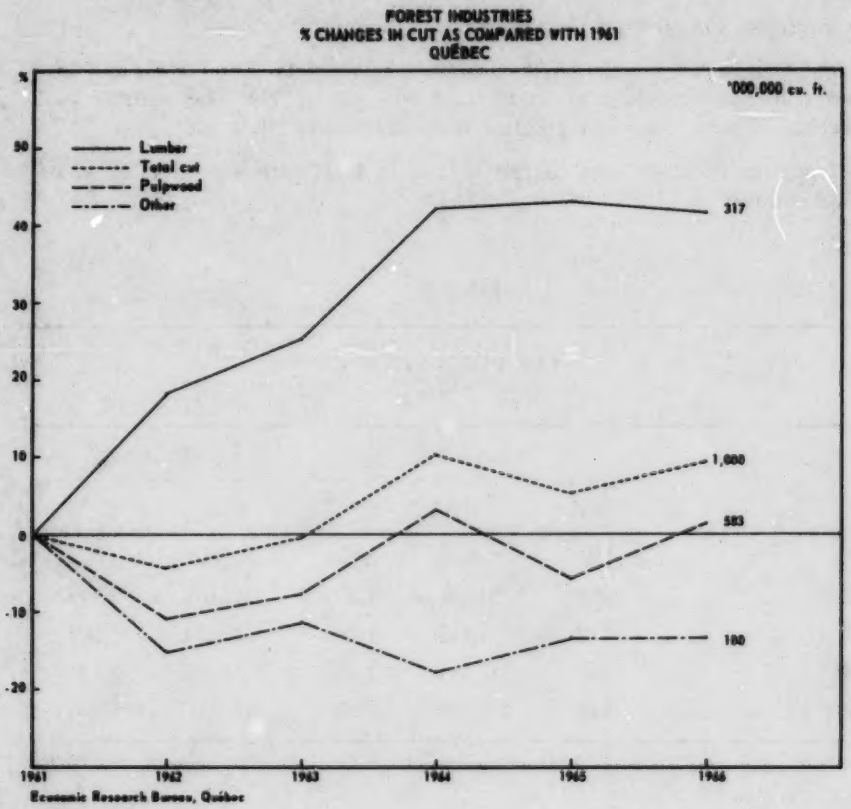


Table 31

FOREST PRODUCTION VOLUME (WOOD CUT)
QUEBEC

	Pulpwood	Lumber	Other	Total
	thousands of cubic feet			
1963	531,250	280,000	102,292	913,542
1964	593,115 (*)	318,000 (**)	95,000 (**)	1,006,115 (**)
1965	542,722 (*)	320,000 (**)	100,000 (**)	962,722 (**)
1966 (**)	583,484	317,000	100,000	1,000,484

(*) Preliminary.
(**) Estimated.

SOURCES: *Logging* (25-201), D.B.S.
Pulpwood and Wood Residue Statistics (25-001), D.B.S.

Total production value, estimated at $297 million, shows a 7.6 per cent increase over 1965. This over-all increase is almost entirely due to the 10.9 per cent increase in the value of pulpwood. Lumber is up only 1.4 per cent and the wood sorts listed under "other" show a 4.7 per cent rise in value.

TABLE 32

FOREST PRODUCTION VALUE (WOOD CUT)(1)
QUEBEC

	Pulpwood	Lumber	Other	Total
	thousands of dollars			
1963 (*)	159,375	68,880	19,435	247,690
1964 (*)	183,866	80,136	19,000	283,002
1965 (*)	173,671	81,600	21,000	276,271
1966 (*)	192,550	82,737	22,000	297,287

(1) Based on shipments received at plants.
(*) Estimated
SOURCE: *Logging* (25-201), D.B.S.

It is estimated that 21,756 persons were employed in the forest industries in 1966, 3.9 per cent more than in 1965. This figure reflects the increased activity in the forestry sector during the past year. The 18.4 per cent rise in the wage bill, which came to $121 million, was due to an increase in employment as well as to a rise in weekly salaries and wages, which went up from $93.89 to $107.00.

TABLE 33

EMPLOYMENT, SALARIES AND WAGES IN FOREST OPERATIONS
QUEBEC

	Employees (1)	Salaries and Wages	Average Weekly Salaries and Wages
	number	$'000	$
1963	20,164	87,007	82.98 (2)
1964	21,878	102,127	89.77 (2)
1965 (*)	20,934	102,206	93.89
1966 (**)	21,756	121,050	107.00

(1) Revised by the Dominion Bureau of Statistics on the basis of 1961 census data. Monthly sample coverage is 93% instead of 81%.
(2) Revised by the Dominion Bureau of Statistics.
(*) Preliminary.
(**) Estimated.
SOURCE: *Employment and Payrolls* (72-201 and 72-002) (revised edition — 72-504), D.B.S.

The forecast expansion of the pulp and paper industry should contribute to an upswing in the forestry sector over the next few years. The following is a list of investment projects for 1967 : *

— Anglo Canadian Pulp and Paper Mills Ltd (Quebec) :	
Extension and modernization	$ 1,715,000
— Bennett Ltd (Fort Chambly) :	
Extension and modernization	200,000
— Building Products of Canada :	
a) Pont-Rouge : Extension and modernization	363,000
b) Ville LaSalle : Modernization	50,000
— Canadian International Paper Co. Ltd :	
a) Gatineau : Extension	$ 2,250,000
b) Matane : Sulphate pulp plant ($63,000,000)	14,000,000
c) La Tuque : Modernization	1,750,000
d) Trois-Rivières : Extension and modernization	1,750,000

* SOURCE : Pulp and Paper Section, Industrial Development Bureau, Department of Industry and Commerce, Quebec.

— Consolidated Paper Corporation Ltd :	
a) Grand-Mère : Extension and modernization	2,550,000
b) Miller Bay : Sulphate pulp plant, ($75,500,000)	25,000,000
c) Trois-Rivières : Extension and modernization	580,000
— Continental Can Co. of Canada Ltd (Montreal) :	
Modernization	133,000
— Donohue Bros. (Clermont) : Extension	800,000
— E.B. Eddy Co. (Hull) :	
Extension ; paper machine ($14,000,000)	5,000,000
— Gulf Pulp & Paper (Clark City) :	
Extension ; drying plant	475,000
— Kruger Pulp & Paper :	
a) St-Félicien : Mechanical wood pulp and newsprint plant ($75,000,000)	15,000,000
b) Montreal-Turcot :	
Extension and modernization	1,150,000
c) Bromptonville :	
Extension and modernization	1,600,000
— The James McLaren Co. Ltd (Masson) :	
Extension and modernization	2,500,000
— The Price Company Limited :	
a) Jonquière : Modernization	400,000
b) Kénogami : Modernization	4,770,000
c) Riverbend (Alma) : Newsprint machine	18,000,000
— The Quebec North Shore Paper Co. (Baie Comeau) :	1,000,000
— Compagnie Rolland (St-Jérôme) :	
Renovation and new equipment	585,000
— Gaspesia Pulp & Paper (Price Co.) Chandler :	
Paper machine ($17,000,000)	12,000,000

Sawmill industry

The sawmill industry, which depends to a large extent on building activity, was affected by the slowdown in housing construction in 1966. While its production value had shown an average annual growth rate of 12.7 per cent between 1961 and 1964, the rate for the last two years averaged only 0.9 per cent. Production volume followed the same pattern, with a growth rate of 18.1 per cent between 1961 and 1964, and less than 0.1 per cent for 1965 and 1966.

It is worth noting that rough timber imported from the United States is used for 20 per cent of the industry's production.

TABLE 34

SAWMILL INDUSTRY
PRODUCTION VOLUME AND VALUE
EMPLOYMENT, SALARIES AND WAGES
QUEBEC

	Production		Employees (1)	Salaries and Wages	Average Weekly Salaries and Wages
	Volume	Value			
	'000 cubic feet	$'000	Number	$'000	$
1963	259,523	92,275	8,102	24,630	58.46
1964	295,118	106,537 (*)	8,770 (*)	28,000 (*)	61.40 (*)
1965	298,000 (*)	108,174 (*)	8,524 (*)	28,280 (*)	63.80 (*)
1966	294,000 (*)	108,633 (*)	8,166 (*)	27,900 (*)	65.70 (*)

(1) Calculated on an annual basis, i.e. 52 working weeks.
(*) Estimated.
SOURCES: *Production, Shipments and Stocks on Hand of Sawmills East of the Rockies* (35-002); *Manufacturing Industries of Canada; Quebec* (31-205), D.B.S.

The decrease in the labour force noted in 1965 was accelerated in 1966 owing to greater productivity and a lower production volume.

The number of sawmills in operation in 1966 was estimated at 650 against 756 in 1965. The trend in recent years has been to set up large industrial complexes in this sector. Seventy per cent of the 1966 lumber output was supplied by only 13.1 per cent of the sawmills in operation; they also provided 515,000 tons of anhydrous chips for pulp and paper production.

TABLE 35

SAWMILL INDUSTRY
PRODUCTION BY SIZE OF ESTABLISHMENTS BASED ON ANNUAL CAPACITY
QUEBEC 1966

Annual capacity	Sawmills		Production			
			Softwood	Hardwood	Total	%
ft.b.m.	number	%	'000,000 ft.b.m.			
Under 1 million	401	61.7	n.a.	n.a.	104	7.1
1 to 5 million	164	25.2	220	112	332	22.6
5 to 10 million	44	6.8	180	94	274	18.6
10 million and over	41	6.3	750	10	760	51.7
TOTAL	650	100.0	n.a.	n.a.	1,470	100.0

SOURCE: *Wood Products Division, Industrial Development Bureau, Dept. of Industry and Commerce, Quebec.*

Despite the drop in the number of sawmills between 1965 and 1966, new high-efficiency units went into production in 1966 and others are to follow in 1967 : *

Sawmills established in 1966

	ft.b.m.	$
1) The Price Company Limited, Falardeau, Lac St-Jean :	45,000,000	1,225,000
2) Barrette & Saucier, Lebel-sur-Quévillon :	12,000,000	400,000
3) Consolidated Paper Corporation Ltd, Causapscal :	9,000,000	350,000
4) Consolidated Paper Corporation Ltd, Notre-Dame-du-Rosaire :	20,000,000	600,000

* SOURCE : Wood Products Division, Industrial Development Bureau, Department of Industry and Commerce, Quebec.

Sawmills to be established in 1967

1)	Les chantiers Chibougamau, Chibougamau :	10,000,000	350,000
2)	Interprovincial Lumber, La Tuque :	1,000,000	50,000
3)	Houde Ltée (Soft and hard wood) Petit Saguenay :	6,000,000	400,000
4)	Les Industries Alarie, Malartic :	13,000,000	400,000
5)	Leduc Ltée (hard wood), Neufchatel :	7,000,000	375,000
6)	Rodrigue & Frères, Ste-Aurélie :	12,000,000	300,000

Section V

Mining Industry

The rapidly expanding mining industry sets new records each year. The value of ores extracted in 1966 was $506 million, 2.3 per cent more than in 1965. As opposed to previous years, this over-all increase was due to a rise in the value of industrial ores (up 13.8 per cent from 1965). Metals went up only 0.1 per cent, while building materials fell by 4.8 per cent.

Table 36

MINERAL PRODUCTION VALUE AT EXTRACTION LEVEL (*)
QUEBEC

	Metallic Ores	Non-metallic Ores		Total
		Industrial Ores	Building Materials	
		thousands of dollars		
1963	240,080	91,347	40,754	372,181
1964	325,303	101,924	46,940	474,167
1965	343,683	97,871	53,053	494,608
1966	344,128	111,416	50,494	506,038

(*) Estimated by the Economic Research Bureau, Quebec, in co-operation with the Q.B.S. Mineral Statistics Section.

The same upward trend is to be found at the processing level, but there it is partly due to an increase in the price of some mineral ores. Production value was $767.8 million, 6.7 per cent more than in 1965.

CHART XVI

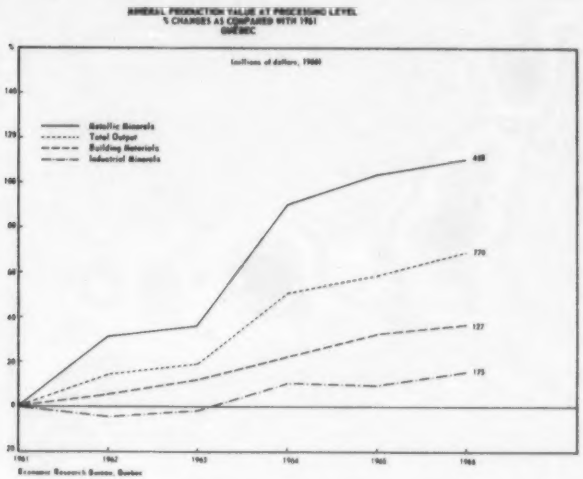


TABLE 37

MINERAL PRODUCTION VALUE AT PROCESSING LEVEL
QUEBEC

	Metallic Ores	Non-metallic Ores		Total
		Industrial Ores	Building Materials	
		thousands of dollars		
1963	291,591	148,271	102,307	542,169
1964	407,446	165,830	111,259	684,535
1965 (*)	436,327	164,677	120,668	721,672
1966 (**)	467,613	174,878	127,305	769,796

(*) Revised.
(**) Preliminary.
SOURCES: *Mineral Statistics Section*, Q.B.S.
Department of Natural Resources, Quebec.
Preliminary Estimate of Canada's Mineral Production (26-202), D.B.S.

TABLE 38

MINERAL PRODUCTION VALUE BY PROVINCE (*)

	1963	1964	1965	1966
	thousands of dollars			
Quebec	542,169	684,535	721,672	769,796
Ontario	873,828	901,583	992,789	964,534
Alberta	669,311	735,896	794,171	871,350
Saskatchewan	272,355	292,374	328,167	366,453
British Columbia	261,146	268,659	279,633	315,846
Newfoundland	137,797	182,153	207,558	241,863
Manitoba	169,639	173,873	181,866	182,038
Nova Scotia	66,318	66,074	70,772	77,301
New Brunswick	28,343	48,677	82,158	89,371
North-West Territories and Yukon	30,278	33,269	90,857	123,756
Prince Edward Island	798	831	599	871
Total	3,051,982	3,387,924	3,750,242	3,983,027

(*) At processing level.
SOURCES: *Mineral Statistics Section*, Q.B.S.
Preliminary Estimate of Canada's Mineral Production (26-202), D.B.S.

The 6.7 per cent increase in production value is mainly accounted for by metallic ores, whose value rose by $31.3 million, compared with $10.2 million for industrial ores and $6.6 million for building materials.

Iron ore shipments were much the same as the year before. Owing to an increase in the price of copper (from 37.6¢ in 1965 to 45¢ in 1966), the value of copper shipments reached $153.8 million, a rise of 17.6 per cent.

TABLE 39

MINERAL PRODUCTION VALUE BY MAIN GROUPS
QUEBEC

	1963	1964	1965 (*)	1966 (**)
	thousands of dollars			
Asbestos	116,582	124,923	122,803	133,011
Copper	89,082	105,603	130,636	153,823
Iron Ore	122,801	161,880	146,714	144,423
Iron (remelt)	9,247	18,700	18,172	16,057
Gold	34,625	35,288	33,754	35,294
Zinc	19,192	67,036	82,411	88,545

(*) Revised.
(**) Preliminary.
SOURCES: *Mineral Statistics Section*, Q.B.S.
Preliminary Estimate of Canada's Mineral Production (26-202), D.B.S.

After a decline in 1965, asbestos shipments resumed an upward trend in 1966. Asbestos, which represents 76.1 per cent of the value of all industrial ores, rose by 8.3 per cent. Gold and zinc went up 4.6 per cent and 7.4 per cent respectively.

For building materials 1966 was not an outstanding year. Cement went up 3 per cent in value, building limestone, sand and gravel 10 per cent, while brick rose only slightly.

TABLE 40

PRODUCTION VALUE OF MAIN BUILDING MATERIALS
QUEBEC

	1963	1964	1965	1966 (*)
	thousands of dollars			
Cement	36,939	41,590	45,774	47,153
Building limestone	26,189	28,169	33,637	37,000
Sand and gravel	21,214	21,360	21,010	23,111
Brick	5,212	5,175	5,078	5,175

(*) Preliminary
SOURCE: *Mineral Statistics Section*, Q.B.S.

Extensive mechanization in this sector accounts for the comparative stability of the labour force since 1962. Between 1962 and 1966, employment grew at an average annual rate of only 0.9 per cent. The higher growth rate of the wage bill (5 per cent) is mainly due to a steady increase in weekly salaries and wages.

TABLE 41

EMPLOYMENT, SALARIES AND WAGES
IN THE MINING INDUSTRY
(MINES, MILLS, REFINERIES)
QUEBEC

	Employees (1)	Salaries and Wages	Average Weekly Salaries and Wages (2)
	number	$'000	$
1963	26,477	135,876	98.69
1964	27,072	144,491	102.64
1965	27,300 (*)	152,153	107.18
1966	27,400 (*)	159,521	111.96 (**)

(1) Based on 300 eight-hour days.
(2) Average Weekly Salaries and Wages at extraction and processing levels, weighted according to distribution of manpower.
(*) Estimated.
(**) Average for first eight months.
SOURCES: *Mineral Statistics Section*, Q.B.S.
Employment and Payrolls (72-002 and 72-201) *and revisions* (72-504), D.B.S.

Three mines shut down in 1966, laying off 208 workers. The mines were: a gold mine at Rouyn-Noranda, a copper mine at Chibougamau and a lithium mine at Val-d'Or. The Quebec Lithium Corporation is still sending out shipments, although it stopped mining operations in October 1965. However, two new mines went into production — one at Val-d'Or (gold) and the other at Chibougamau (copper) — and a third mine, run by Joutel Copper Mines Ltd (copper and zinc), will go into production at Rouyn-Noranda in January 1967.

Three more mines (gold, copper and lead-zinc-silver) are expected to close soon. Over 600 people will be laid off. Two of these mines are at Val-d'Or and one at Chibougamau.

The work carried out by the Quebec Mining Exploration Company during the fiscal year 1966-1967 may be summed up as follows:

a) Search for Targets: Seven reconnaissance projects designed to locate suitable ore deposits.

b) Development of Targets: Sixteen projects involving examination and appraisal of targets discovered by Soquem or by private firms.

c) Research and Exploration Methods: Six programmes covering laboratory research and field work.

Soquem spent $881,000 on those projects. It also cooperated with business firms in joint programmes involving an outlay of $359,000, of which $231,000 was borne by the firms concerned.

MINING DEVELOPMENT PROJECTS FOR 1967 *

A — *Rouyn, Val-d'Or and Matagami Area*

1. *Francoeur Mines Ltd,* Beauchastel Township, Rouyn-Noranda County.

   Exploration carried out by Wasamac Mines Ltd on the site of the former Francoeur mine revealed a 900,000 ton deposit with a gold content of 0.20 oz. to a ton of ore. The deposit is to be developed in the course of the year and the ore will be processed at the mill of Wasamac Mines Ltd.

* SOURCE: Department of Natural Resources, Quebec.

2. *Quebec Manitou Mines Ltd,* Bourlamaque Township, Abitibi-Est County.

   The Company's claim was found to contain a copper-bearing deposit of some 535,000 tons with a 1.31 per cent copper content. Production is to start in 1967 and the ore will be treated at the mill of Manitou-Barvue Mines Ltd. The Manitou-Barvue mines, located close to the Quebec Manitou deposits, will be practically exhausted by the end of 1967.

3. *Equity Explorations Ltd,* Joutel Township, Abitibi-Est County.

   This company is to bore a shaft some three miles north of Joutel in order to develop a gold-bearing deposit of about 1,600,000 tons of ore containing 0.41 oz. of gold per ton. Capital expenditure involved is in excess of $5 million, of which at least $1,000,000 is to be spent on the 1967 works programme.

4. *Bell Allard Mines Ltd,* Isle Dieu Township, Abitibi-Est County.

   This company, a subsidiary of Orchan Mines Ltd, is to develop its zinc and copper deposits in the summer of 1967. Ore reserves are estimated at 266,000 tons assaying 13.53 per cent zinc, 1.08 per cent copper and 1.18 oz. of silver per ton. The ore will be treated at the mill of Orchan Mines Ltd, in the Matagami area.

B — *Chibougamau Area*

1. *Grandroy Mines Ltd,* Roy Township, Abitibi-Est County.

   Discovered in 1947, this ore body will soon go into production. Processing at the rate of 575 tons a day will be carried out at the mill of Campbell Chibougamau Mines Ltd, near Chibougamau. Ore reserves are estimated at 635,000 tons averaging a 1.2 per cent copper content.

2. *Icon Syndicate,* O'Sullivan Township, Abitibi and Mistassini District.

   This mine, whose reserves are estimated at 750,000 tons of ore assaying 3.5 per cent copper, is to go into production in May 1967. The ore

will be processed at the rate of 600 tons a day at the mill of Merrill Island Mining Corporation Ltd, near Chibougamau.

3. *Opemiska Copper Mines Quebec Ltd,* Levy Township, Abitibi-Est County.

   This company is to develop a deposit within a mile's distance from the site of its present operations. The project includes the boring of a mine-shaft to be known as the Robitaille shaft and the setting up of mining installations.

C — *Chicoutimi - Lac-Saint-Jean Area*

Les Siliciums de Chicoutimi Ltée, Chicoutimi County.

This company plans to build a ferrosilicon plant, having a production capacity of between 25,000 and 35,000 tons, at Chicoutimi. Production is scheduled to begin in the second half of 1967. Capital expenditure will total $3.5 million.

D — *North Shore*

Quebec Cartier Mining Company, Saguenay County.

Large-scale operations in connection with the development of the Mount Wright iron ore deposits are scheduled to begin in 1967.

E — *Gaspesia*

Gaspé Copper Mines Ltd, Holland Township, Gaspé-Nord County.

In order to absorb the output of the Mount Copper deposit, which is to go into production in 1967, Gaspé Copper Mines Ltd will raise the capacity of its ore-crushing plant by 12,000 tons a day, and that of its processing mill by 4,000 tons a day. The project will absorb some $14 million.

F — *New Quebec*

Asbestos Corporation Ltd, Putunik, New Quebec.

Preliminary work has been completed and the mining complex is scheduled to reach the main construction stage in the spring of 1967. Scheduled for completion in 1970, the project involves a capital outlay of at least $40 million.

It is worth noting that the Government spent some $3 million on the construction of access roads, particularly in the Gaspé Peninsula and in the North Shore area.

SECTION VI

Power industry

Net generating capacity at the end of 1966 was 11 million kw., 3.9 per cent more than the year before. Energy production (net generation) was 62.9 billion kwh., 10.5 per cent more than for 1965. Gross production value was estimated at $443.1 million, 70 per cent of which represented sales of energy, after deduction of imports.

TABLE 42

ELECTRIC POWER PRODUCTION
QUEBEC

	Net Generating Capacity	Production				Imported Energy	Total Energy Available
		Quantity	Gross Value			Quantity	
			Energy Sold (1)	Other (2)	Total		
	thousands of kw.	millions of kwh.	millions of dollars			millions of kwh.	
1963	9,376	49,934	269.2	88.7	357.9	150	50,084
1964	9,696	56,832	278.3	104.4	382.7	129	56,961
1965 (*)	10,618	56,902	288.9	124.9	413.8	193	57,095
1966 (**)	11,034	62,892	310.4	132.7	443.1	151	63,043

(1) Excluding imports.
(2) Estimated value of energy produced and consumed by the industrial sector.
(*) Preliminary.
(**) Estimated.

The main consumer of electric power is the industrial sector, which accounted for 64.7 per cent of the 1966 output. The remainder of the energy produced went to households and farms (14.3 per cent), services (4.4 per cent) and street lighting (0.4 per cent). In 1966, 10 per cent of the energy produced was exported, as compared with 8.4 per cent in 1965.

TABLE 43

POWER CONSUMPTION BY SECTORS
QUEBEC

Sector	1963	1964	1965 (*)	1966 (**)
	millions of kwh			
Households and farms	6,677	7,343	7,788	9,015
Services	2,267	2,488	2,640	2,774
Industries	32,560	35,640	37,443	40,789
Street lighting	221	243	256	252
Exports	5,252	7,066	4,971	6,304
Other	3,107	4,181	3,997	3,909
Total	50,084	56,961	57,095	63,043

SOURCE: *Electric Power Statistics* (57-001 and 57-202), D.B.S.

Quebec, by far the largest producer of electric power in Canada, supplies 40 per cent of the Canadian output, followed by Ontario, which accounts for 31 per cent of the total. British Columbia supplies 13 per cent of the Canadian total and the other provinces produce the remaining 16 per cent. Almost 70 per cent of the Quebec production is supplied by Hydro-Québec. This vast Government-owned enterprise invests some $300 million a year. The following table provides a breakdown of Hydro-Québec's capital expenditure for 1967.

TABLE 44

CAPITAL EXPENDITURE SCHEDULE
1967
HYDRO-QUEBEC

	Current Projects	New Projects	Total
		millions of dollars	
Production	179.2	6.0	185.2
Power transmission	29.4	10.3	39.7
Distribution	16.3	45.1	61.4
Sundry requirements	1.8	2.2	4.0
Equipment	0.3	4.0	4.3
Total	227.0	67.6	294.6

SOURCE : *Department of Natural Resources, Quebec.*

Almost all Hydro-Québec investment in recent years went into the Manicouagan-Outardes complex, which will have absorbed some $2 billion before its completion in 1974. It will have a generating capacity of 4.4 million kw.

The development of the hydro-electric system is matched by the expansion of the thermal power station at Tracy. In 1965, the station increased its generating capacity with the addition of a 150,000 kw generator. Two similar units are to go into service in 1968, thus raising the station's capacity to 600,000 kw.

A nuclear power station with a generating capacity of 250,000 kw is in course of construction. Work began in mid-September 1966, when over 300 men were hired. Their number may increase to 600 as work progresses. At the end of 1967, construction of the reactor should be completed and the buildings and turbine begun. The project will be completed in four and a half years, at a cost of about $100 million.

Of particular interest is the agreement concluded between Hydro-Québec and the Churchill Falls Corporation (British Newfoundland Corporation) for the purchase of the Churchill Falls production. The cost of the project is estimated at $1 billion. Generating capacity will be about 4.5 million kw.

CHAPTER III

Manufacturing Sector

As a result of the steady demand for Québec-made products in domestic and foreign markets, the manufacturing sector was busier in 1966 than it had been in 1965. Thanks to the dynamism of the key industries, the value of shipments rose by 8.2 per cent to a record figure of $10,500 million.

TABLE 45

VALUE OF SHIPMENTS, PRODUCTION EMPLOYMENT AND AVERAGE WEEKLY HOURS MANUFACTURING (*) QUEBEC

1961 = 100

	Value of Shipments			Production Employment			Average Weekly Hours		
	1964	1965	1966	1964	1965	1966	1964	1965	1966
					index numbers				
January	128.3	122.5	134.8	106.0	110.8	117.3	41.8	41.7	41.7
February	128.5	125.9	139.2	106.0	111.4	117.2	41.9	41.6	42.0
March	123.5	130.8	147.2	106.3	112.1	116.9	41.8	41.7	41.8
April	126.3	128.3	137.7	106.6	112.2	116.3	42.5	41.3	41.7
May	120.5	128.3	142.8	107.0	112.9	116.6	42.1	41.5	41.9
June	122.4	132.6	142.3	107.1	113.6	117.0	41.8	41.6	41.6
July	124.9	130.0	136.0	107.6	114.0	116.7	41.9	41.7	41.7
August	123.4	131.0	142.5	107.9	115.4	118.4	41.9	41.8	41.9
September	126.7	132.2	141.9	108.5	116.1		41.9	41.7	
October	126.7	131.1	140.2	108.6	117.0		41.8	42.0	
November	125.4	136.3	139.6	109.4	117.7		41.9	42.0	
December	130.7	135.3		110.2	118.0		41.8	42.9	

(*) Based on seasonally adjusted data.

SOURCES : *Inventories, Shipments and Orders in Manufacturing Industries* (31-001), *Man-Hours and Hourly Earnings* (72-003) *and revisions* (72-504), D.B.S.

CHART XVII

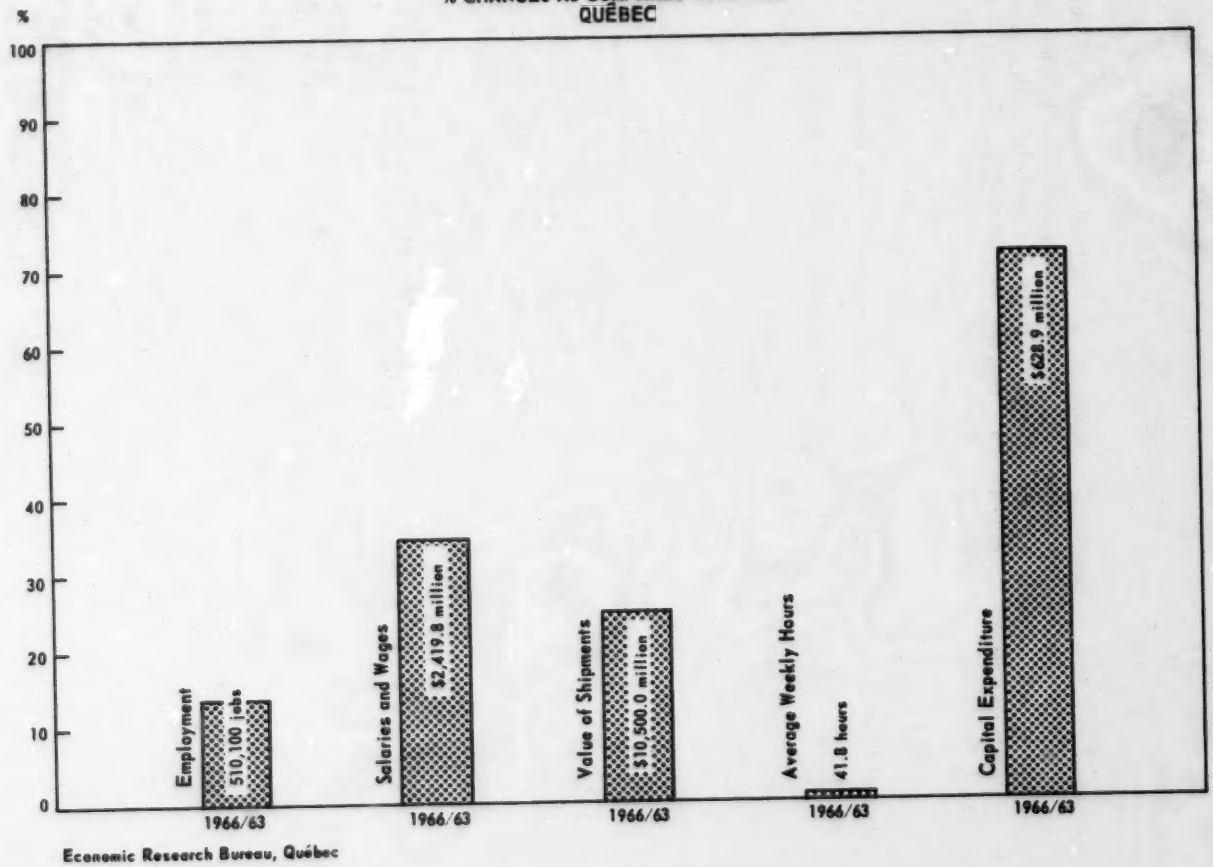


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TABLE 46

MANUFACTURING — PRINCIPAL STATISTICS
QUEBEC

		1963	1964	1965 (*)	1966 (**)
Durable Goods					
No. of establishments		4,225	3,994	n.a.	n.a.
No. of employees		158,108	164,320	178,400	193,400
Salaries and wages	$'000	686,869	755,670	872,900	1,012,600
Cost of materials	$'000	1,504,949	1,717,492	1,842,800	2,142,600
Value of shipments	$'000	2,888,984	3,240,411	3,510,000	3,850,000
Value added	$'000	1,312,123	1,476,202	1,677,000	1,949,800
Non-Durable Goods					
No. of establishments		7,103	7,199	n.a.	n.a.
No. of employees		290,657	298,987	307,800	316,700
Salaries and wages	$'000	1,116,922	1,189,370	1,275,800	1,407,200
Cost of materials	$'000	2,963,619	3,115,747	3,289,000	3,636,000
Value of shipments	$'000	5,552,546	6,029,676	6,202,000	6,650,000
Value added	$'000	2,506,500	2,832,410	2,894,700	3,200,200
TOTAL : Durable and Non-Durable Goods					
No. of establishments		11,328	11,193	n.a.	n.a.
No. of employees		448,765	463,307	486,200	510,100
Salaries and wages	$'000	1,803,791	1,945,040	2,148,700	2,419,800
Cost of materials	$'000	4,468,568	4,833,239	5,131,800	5,778,600
Value of shipments	$'000	8,441,530	9,270,087	9,712,000	10,500,000
Value added	$'000	3,818,623	4,308,612	4,571,700	5,150,000

(*) Preliminary.
(**) Estimated.

SOURCE : *Manufacturing Section*, Q.B.S.

The considerable growth of net investment in this sector (up 24.4 per cent from 1965), the increase in employment and the extension of the work week in particular, are all factors which point to the maintenance of the present growth rate in 1967. The sector owes much of its dynamism to structural changes introduced during the past ten years. In this connection, the table showing the structural changes in manufacturing in recent years speaks for itself.

TABLE 47

MANUFACTURING — PRINCIPAL STATISTICS
% CHANGES 1963 — 1966

QUEBEC

	1964/63	1965/64	1966/65
Durable Goods			
No. of establishments	− 5.5	—	—
No. of employees	+ 3.9	+ 8.6	+ 8.4
Salaries and wages	+ 10.0	+ 15.5	+ 16.0
Cost of materials	+ 14.1	+ 7.3	+ 16.3
Value of shipments	+ 12.2	+ 8.3	+ 9.7
Value added	+ 12.5	+ 13.6	+ 16.3
Non-Durable Goods			
No. of establishments	+ 1.4	—	—
No. of employees	+ 2.9	+ 2.9	+ 2.9
Salaries and wages	+ 6.5	+ 7.3	+ 10.3
Cost of materials	+ 5.1	+ 5.6	+ 10.6
Value of shipments	+ 8.6	+ 2.9	+ 7.2
Value added	+ 13.0	+ 2.2	+ 10.6
TOTAL: Durable and Non-Durable Goods			
No. of establishments	− 1.2	—	—
No. of employees	+ 3.2	+ 4.9	+ 4.9
Salaries and wages	+ 7.8	+ 10.5	+ 12.6
Cost of materials	+ 8.2	+ 6.2	+ 12.6
Value of shipments	+ 9.8	+ 4.8	+ 8.1
Value added	+ 12.8	+ 6.1	+ 12.6

SOURCE : *Manufacturing Section*, Q.B.S.

The contribution of the durable goods branches to the industrial sector as a whole has been growing year by year, but their growth rate was particularly fast in the last two years. This upward trend was reflected in considerable increases in employment, value added and wages. Value added in these branches rose from 34.3 per cent (of the manufacturing sector's total) in 1964 to 37.9 per cent in 1966. Employment and wages recorded similar growth rates.

TABLE 48

STRUCTURAL CHANGES IN THE MANUFACTURING SECTOR
% OF TOTAL
QUEBEC 1963 — 1966

	1963	1964	1965	1966
Durable Goods				
No. of establishments	37.3	35.7	n.a.	n.a.
No. of employees	35.2	35.5	36.7	37.9
Salaries and wages	38.1	38.9	40.6	41.8
Cost of materials	33.7	35.5	35.9	37.1
Value of shipments	34.2	35.0	36.1	36.7
Value added	34.4	34.3	36.7	37.9
Non-Durable Goods				
No. of establishments	62.7	64.3	n.a.	n.a.
No. of employees	64.8	64.5	63.3	62.1
Salaries and wages	61.9	61.1	59.4	58.2
Cost of materials	66.3	64.5	64.1	62.9
Value of shipments	65.8	65.0	63.9	63.3
Value added	65.6	65.7	63.3	62.1
TOTAL : Durable and Non-Durable Goods	100.0	100.0	100.0	100.0

SOURCE : *Manufacturing Section*, Q.B.S.

Quebec's key industries made very considerable progress in 1966. The value of shipments in the smelting and refining industry, which has put the industry in the first rank for the past four years, topped $1 billion in 1966, an increase of 19.5 per cent. Increased production — there was an additional output of 3 million lb for copper, 1,500,000 lb for nickel and 28 million lb for zinc — and better prices in world markets, particularly copper prices, account for the great advance made in 1966.

Smelting and refining plants, which have been working to capacity for the past three years, are increasing their production capacity from year to year; this applies particularly to zinc and aluminum refineries. Between 1963 and 1966, employment rose by 23 per cent and the wage bill by 43 per cent.

The pulp and paper industry, which is the second largest manufacturing industry in terms of shipments, ranks after the textile industry and the electrical products industry in terms of manpower and remuneration. In 1966, the value of shipments in the smelting and refining industry was $850 million, 12.1 per cent more than in 1965. Newsprint and board production totalled 5,339,000 tons. Exports of paper and board, which absorb 70 per cent of total output, increased by 13.2 per cent. Nevertheless, employment has been growing slowly since 1963. In 1966, the industry employed 27,243 workers and the wage bill was $179.5 million, a 12.2 per cent increase over 1965.

The rapid growth of industrial requirements and domestic demand has resulted in a remarkable upswing in the chemical products and electrical appliances and equipment industries, as borne out by the steady rise in employment and output in these industries over the last few years.

The value of shipments in the chemicals industry was $590 million, 12.1 per cent more than in 1965. The 1,550 new jobs created in this industry

largely account for the increase in the wage bill, which reached $132.5 million, an increase of 12.2 per cent over 1965.

The electrical appliances and equipment industry has shown an upward trend in recent years. The value of shipments in 1966 was $637.3 million, as compared with $468 million in 1965, a rise of 36.2 per cent. This considerable advance may be attributed to growing industrial requirements and, to a lesser extent, to an increased demand for household appliances. The industry created 7,500 new jobs in 1966. Its wage bill increased by over $50 million compared with 1965.

In spite of a prolonged work stoppage due to labour unrest in one branch of the textile industry during 1966, this sector of the economy is becoming more and more productive as a result of rationalization and modernization. The industry's new vitality, reflected in the considerable investments made in recent years, has not only helped raise production by increasing labour productivity, but has also contributed to the creation of new jobs. The value of shipments in 1966 was $758.6 million, and salaries and wages for the industry's 42,581 employees came to $172.2 million.

Following the new and more restrictive classification of establishments in the transportation equipment industry, the number of jobs and the wage total have decreased. This industry should nonetheless be considered a key industry with a promising future. In 1966, the value of shipments increased slightly, but there were 1,300 fewer jobs. The wage bill went up by 1.8 per cent.

On the whole, activity in the industrial sector has remained very lively. Each month in 1966, the value of shipments exceeded that for the corresponding month of 1965. Employment rose by 4.9 per cent and the wage bill by 12.6 per cent, comprising 16 per cent for the durable goods branches and 10.3 per cent for the non-durable goods branches.

TABLE 49

GROWTH OF SELECTED MANUFACTURING INDUSTRIES
QUEBEC

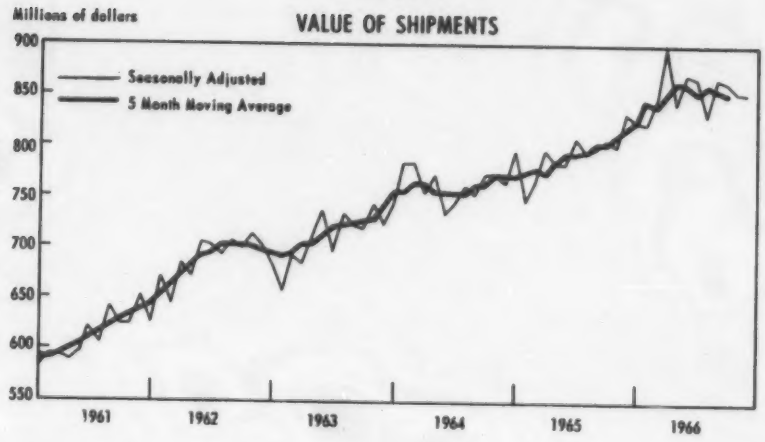
	Year	Jobs	Salaries and Wages	Value of Shipments
		number	millions of dollars	
Smelting and refining	1963	11,781	67.0	699.3
	1964	12,323	73.9	789.5
	1965 (*)	13,001	80.3	845.3
	1966 (**)	14,496	96.0	1,010.5
Pulp and paper	1963	25,333	141.9	666.6
	1964	26,504	152.9	740.0
	1965 (*)	26,788	160.0	758.3
	1966 (**)	27,243	179.5	850.7
Textiles	1963	39,692	139.2	620.6
	1964	41,614	154.2	684.6
	1965 (*)	42,795	164.3	723.8
	1966 (**)	42,581	172.2	758.6
Electrical appliances and equipment	1963	24,009	115.1	387.6
	1964	23,925	121.6	425.2
	1965 (*)	27,502	140.4	468.0
	1966 (**)	35,010	191.2	637.3
Chemical products	1963	19,391	105.1	440.4
	1964	19,898	106.5	499.9
	1965 (*)	21,014	118.1	526.1
	1966 (**)	22,590	132.5	590.0
Transportation equipment	1963	22,290	118.8	346.5
	1964	24,323	131.0	366.7
	1965 (*)	24,500	139.5	391.8
	1966 (**)	23,201	142.0	399.0

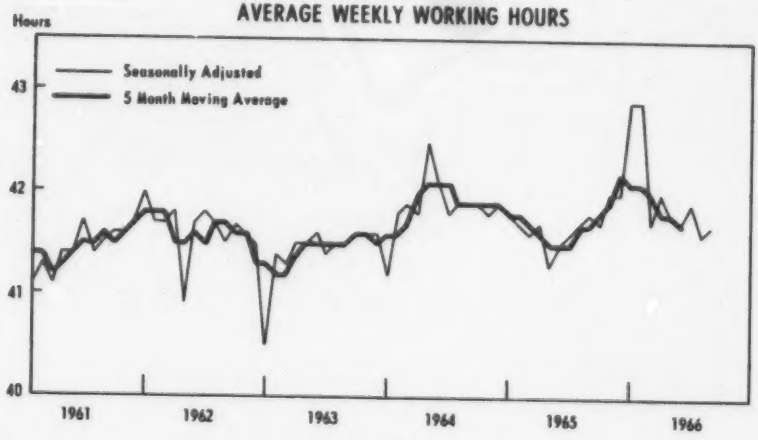
(*) Preliminary.
(**) Estimated.
SOURCE : *Manufacturing Section*, Q.B.S.

CHART XVIII

MANUFACTURING

QUÉBEC





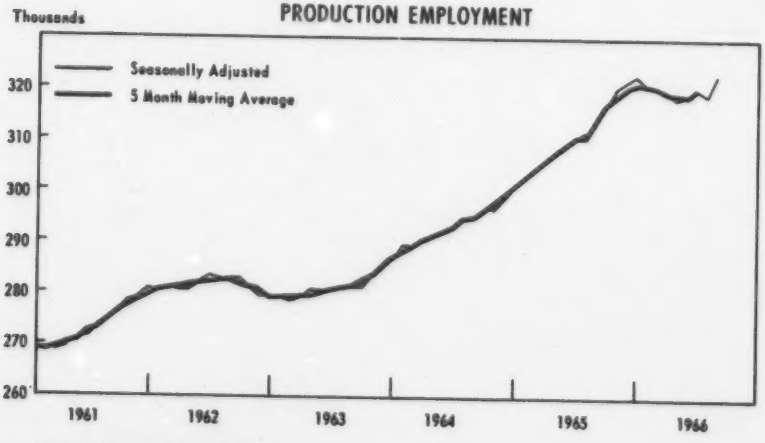


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TABLE 50

SALARIES AND WAGES AND HOURLY EARNINGS IN MANUFACTURING

1961 = 100 *

	Salaries and Wages				Hourly Earnings			
	1963	1964	1965	1966	1963	1964	1965	1966
January	104.7	109.1	113.1	119.3	103.6	107.3	111.5	118.2
February	105.2	109.5	113.3	120.9	104.2	107.9	112.1	118.8
March	105.7	108.9	114.3	122.2	104.2	109.1	112.1	120.0
April	106.6	110.4	114.0	122.5	105.5	109.7	112.7	120.6
May	106.9	110.7	114.3	123.1	106.1	109.7	113.3	121.8
June	106.4	110.7	114.4	122.7	106.7	110.9	113.9	123.0
July	105.5	109.8	113.9	122.8	106.1	109.7	113.3	121.8
August	106.5	110.9	115.7		105.5	109.7	113.9	123.0
September	107.9	112.2	116.6		106.7	110.3	115.2	
October	108.4	112.4	118.4		106.7	110.3	115.8	
November	108.5	112.8	118.7		107.3	110.9	116.4	
December	103.3	107.7	115.4		109.7	112.1	117.6	

(*) Based on seasonally adjusted data.

SOURCE : *Employment and Payrolls* (72-002);
Man-Hours and Hourly Earnings (72-003) and (72-504), D.B.S.

CHART XIX

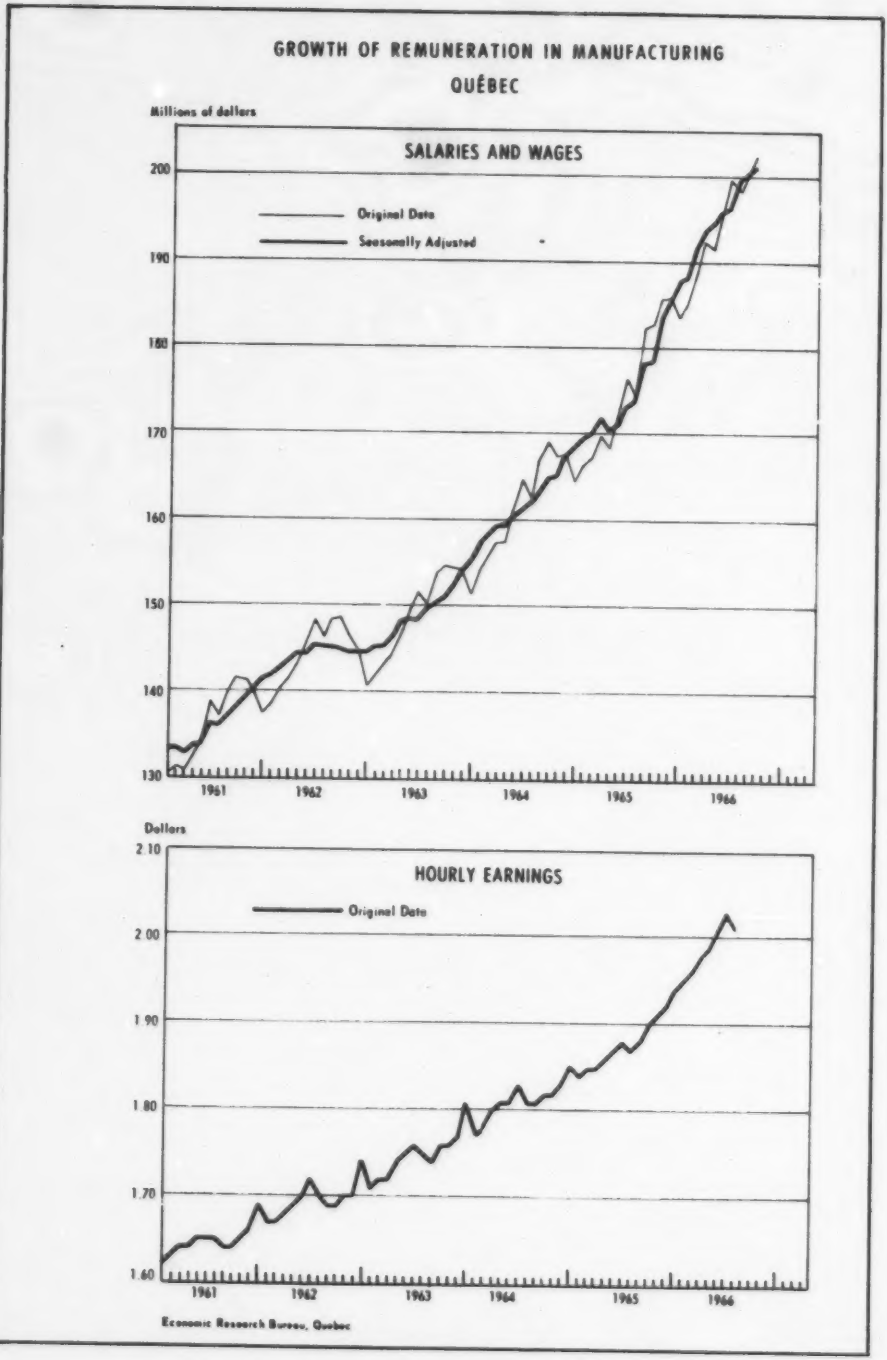
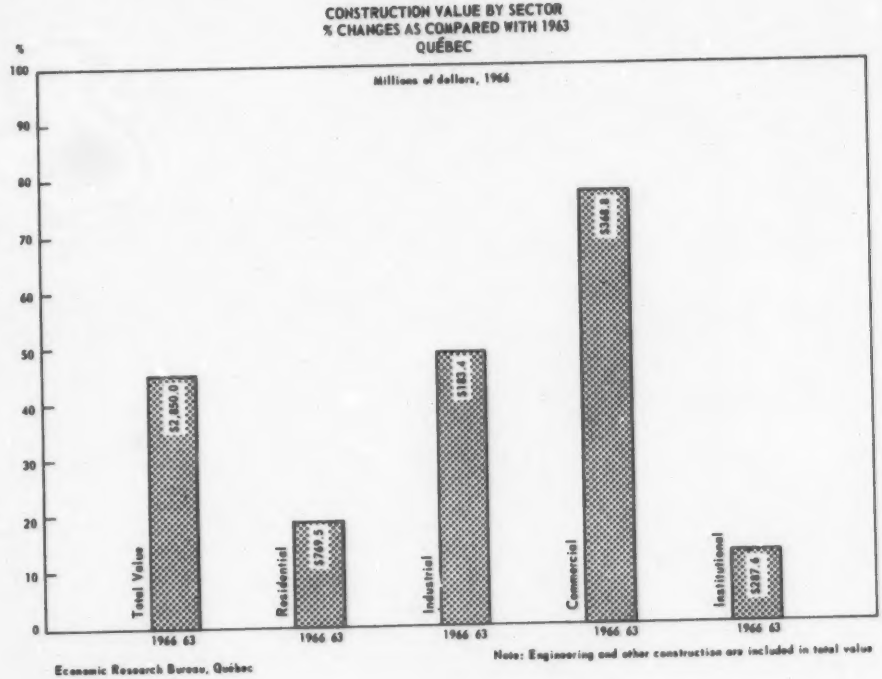

GROWTH OF REMUNERATION IN MANUFACTURING
QUÉBEC
Millions of dollars
SALARIES AND WAGES
Original Data
Seasonally Adjusted
200
190
180
170
160
150
140
130
1961
1962
1963
1964
1965
1966
Dollars
HOURLY EARNINGS
Original Data
2.10
2.00
1.90
1.80
1.70
1.60
1961
1962
1963
1964
1965
1966
Economic Research Bureau, Quebec

CHART XX


CONSTRUCTION VALUE BY SECTOR
% CHANGES AS COMPARED WITH 1963
QUÉBEC
%
Millions of dollars, 1966
100
90
80
70
60
50
40
30
20
10
0
Total Value
$2,650.0
Residential
$769.5
Industrial
$583.4
Commercial
$568.8
Institutional
$287.6
1966 63
1966 63
1966 63
1966 63
1966 63
Economic Research Bureau, Québec
Note: Engineering and other construction are included in total value

CHAPTER IV

Construction

The level of activity in the construction industry was only slightly higher than in 1965. This was due to the completion of construction work on the Metro and on access roads in the Greater Montreal area as well as to a shortage of funds for housing construction.

TABLE 51

VALUE OF CONSTRUCTION BY SECTOR
QUEBEC

Sector	1963	1964	1965 (*)	1966 (**)
		thousands of dollars		
Total Value	1,963,920	2,365,945	2,684,682	2,850,222
Building Construction	1,266,170	1,411,326	1,585,858	1,708,449
Residential	649,000	705,300	732,900	769,500
Industrial	123,294	141,645	162,766	183,415
Commercial	207,998	237,778	313,792	368,805
Institutional	255,389	244,043	302,468	287,648
Other	60,489	102,560	73,932	99,081
Engineering Construction	697,750	954,619	1,098,824	1,141,773

(*) Preliminary.
(**) Estimated.
SOURCE : *Construction in Canada* 1964-1966 (64-201), D.B.S.

Non-Residential Construction

According to early-year forecasts, the total value of construction investment should have reached $2,423 million, without taking into account $427 million spent on repairs and maintenance. However, the value of new construction at the end of the year was below the $2 billion mark. If the total value of the construction industry is greater than in 1965, this is due to intense activity in the commercial and industrial construction branches. The 9 per cent rise in non-residential construction in 1966 is mostly due to the large share of commercial construction.

Investment in this sector was $369 million, a 17.5 per cent increase over 1965. As was to be expected, Montreal was the main beneficiary, with 71.3 per cent of the value of commercial building construction to its credit.

Industrial expansion in 1966 resulted in a 15 per cent increase in industrial construction. Altough the Montreal area absorbed two-thirds of investments in this sector, the other regions of Quebec also benefited from a rather large capital inflow, judging by the value of contracts awarded.

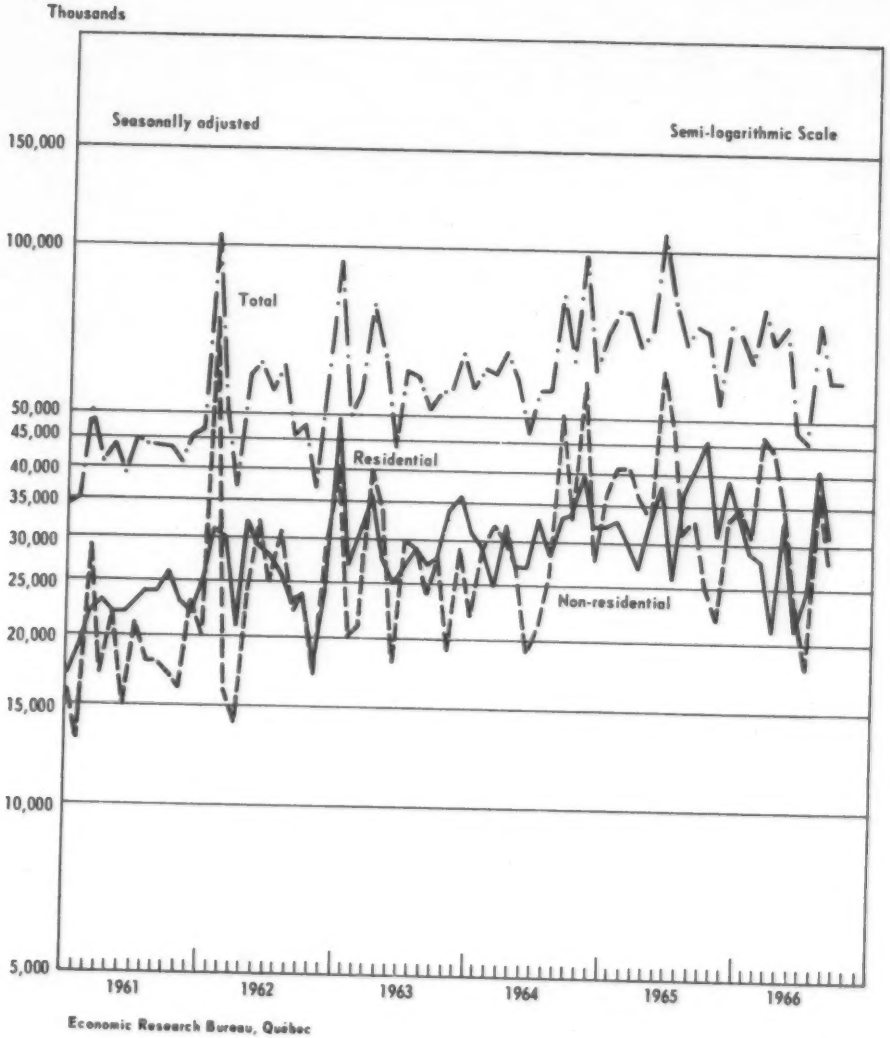
Quebec invests over $250 million annually in the construction of schools, hospitals and religious institutions. The value of educational building construction in 1966 was $191 million, $182 million of which went into new construction. The construction of hospitals absorbed $50 million, 15 per cent less than in 1965. Under the heading of institutional construction should be added $28 million covering other building construction. The total value of institutional construction amounted to $287.6 million against $302.5 million in 1965, a drop of 5 per cent.

CHART XXI

VALUE OF BUILDING PERMITS

1961 - 1966

QUÉBEC



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Residential Construction

The 41,500 dwelling units completed and 37,800 units started in 1966 represent decreases of 2.4 per cent and 14.9 per cent respectively, as compared with 1965.

TABLE 52

RESIDENTIAL CONSTRUCTION
QUEBEC

Year	Under Construction January 1st	Dwelling Units Started	Dwelling Units Completed	Under Construction December 31st
		number		
1963	19,699	43,391	38,989	24,181
1964	24,181	43,194	43,658	23,037
1965	23,037	44,437	42,565	24,512
1966	24,512	37,772 (*)	41,549 (*)	20,838 (*)

(*) Estimated.
SOURCES : *New Residential Construction* (64-002), D.B.S.;
Central Mortgage and Housing Corporation.

As has been mentioned earlier, this slowdown is mostly due to pressures on the money market and to higher interest rates. For the first time since 1960, housing units completed were 10 per cent in excess of housing starts. The value of residential construction for 1966 will very likely prove to have been below the $769 million predicted.

CHART XXII

NEW DWELLING UNITS STARTED AND COMPLETED
CENTRES WITH POPULATION OF 5,000 AND OVER
1961 - 1966

QUÉBEC

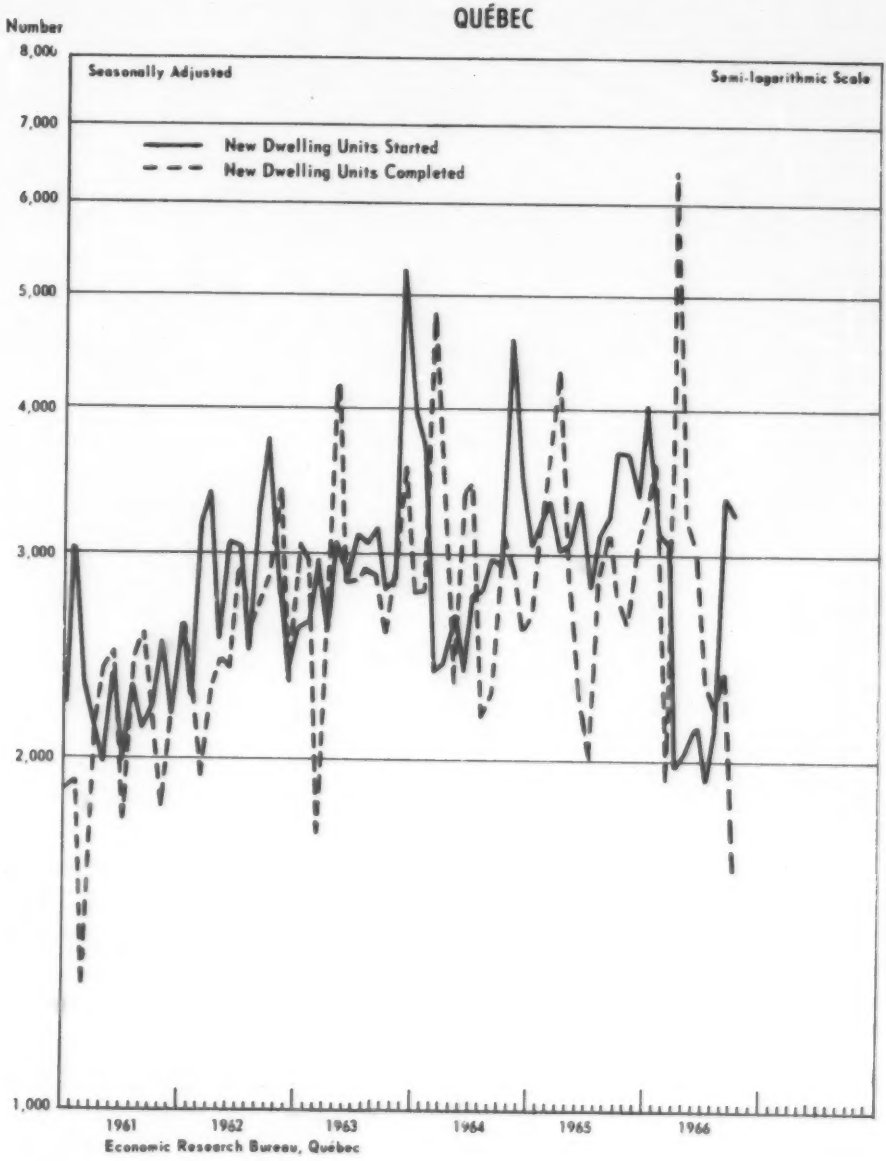

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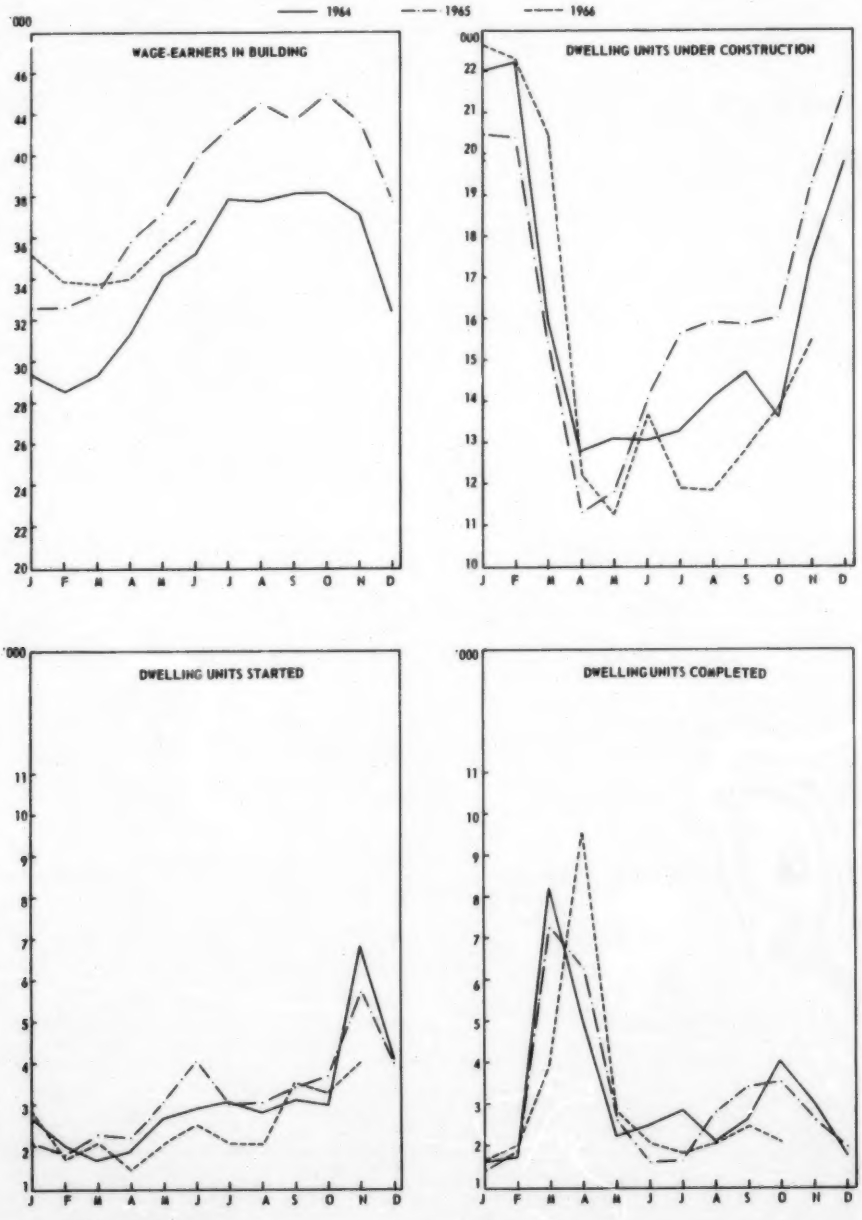
CHART XXIII

SELECTED RESIDENTIAL CONSTRUCTION FACTORS - SEASONAL AMPLITUDE

QUÉBEC



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Section III

Employment, Remuneration and Prices

On the increase since 1961, employment and remuneration rose by 2.6 per cent and 5.9 per cent, respectively, over 1965. Average weekly pay was $117.65, a rise of 8.9 per cent, and hourly earnings went up from $2.49 to $2.71.

Table 53

CONSTRUCTION — PRINCIPAL STATISTICS

QUEBEC

	Employees	Salaries and Wages	Total Value of Work
	thousands	thousands of dollars	
1963	95.0	638,013	1,963,920
1964	97.9	755,602	2,365,945
1965 (*)	101.9	847,694	2,684,682
1966 (**)	104.6	897,815	2,850,222

(*) Preliminary.
(**) Estimated.
Sources : *Construction in Canada*, 1964-66 (64-201), D.B.S.
Estimates of Employees by Province and Industry (72-008), D.B.S.

The increase in the price of building materials was relatively small: 1 per cent in residential construction (against 4.7 per cent in 1965) and 1.9 per cent in other construction branches (against 4.9 per cent in 1965).

TABLE 54

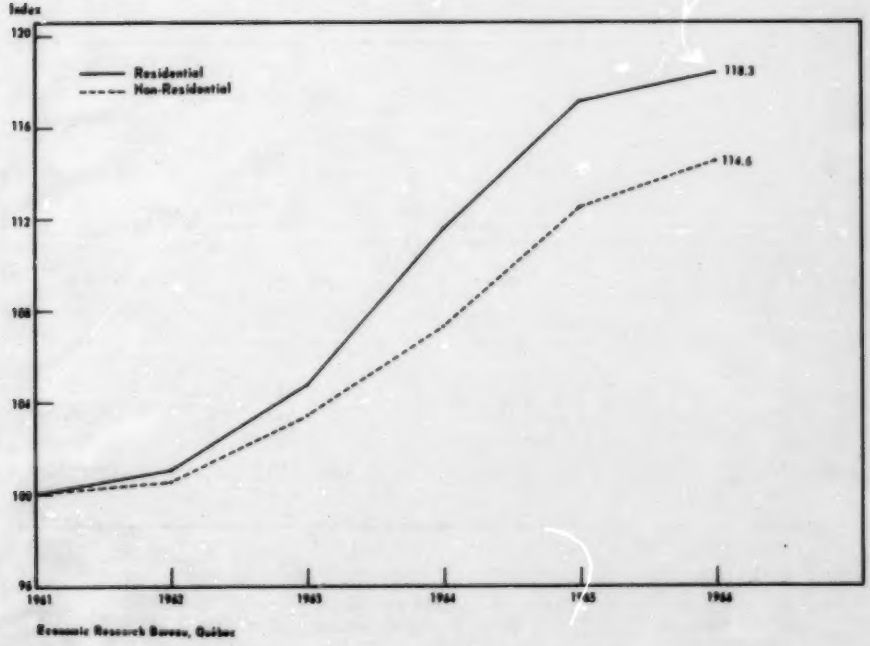
VARIATION IN BUILDING MATERIAL PRICE INDEX NUMBERS
CANADA

Year	Residential	Non-Residential
	%	%
1964/1963	+ 6.8	+ 3.8
1965/1964	+ 4.7	+ 4.9
1966/1965	+ 1.0	+ 1.9

SOURCE : *Prices and Price Indexes* (62-002), D.B.S.

CHART XXIV

BUILDING MATERIALS PRICE INDEX VARIATIONS
1961 = 100
CANADA



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CHAPTER V

Income and Expenditure

SECTION I

Income

Continued economic expansion, an unprecedented rise in employment and the increase in the wage bill in the past two years were all factors which contributed to the increase in personal income. According to available data, personal income in 1966 was $10,990 million, as compared with $9,926 million in 1965. There was a 9 per cent increase in per capita personal income, which went up from $1,755 in 1965 to $1,913 in 1966. This over-all increase, reflected in all components of personal income, was particularly evident in the substantial increase in salaries and wages.

Salaries and Wages

Salaries and wages reached a monthly average of $639 million in 1966 against $576 million the year before. This increase is due to faster employment growth (up 5.5 per cent from 1965) and to higher weekly earnings (up 7.7 per cent). Between 1963 and 1966, weekly salaries and wages (in current dollars) rose faster in public utilities, construction and transport and communications than in commodities.

CHART XXV

INCOME
% CHANGES AS COMPARED WITH 1963
QUÉBEC

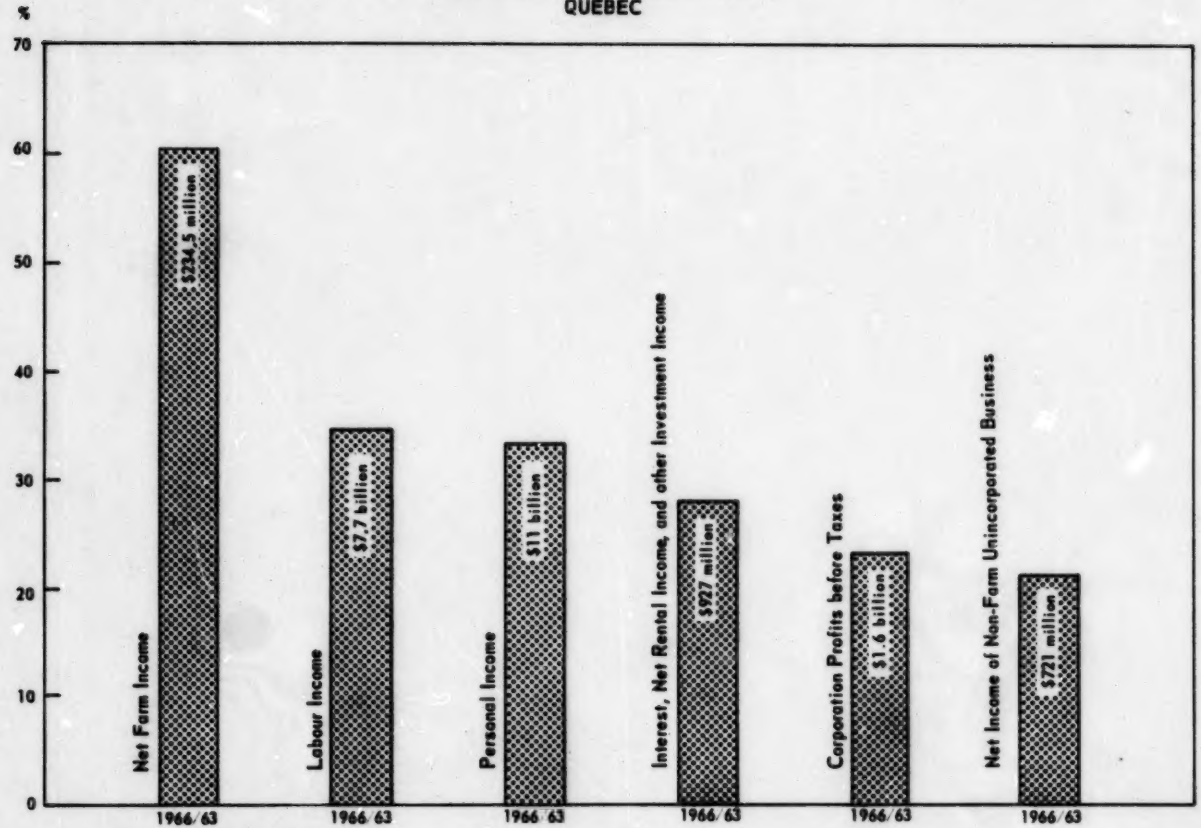

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TABLE 55

DISTRIBUTION OF INCOME

QUEBEC

Income	1963	1964	1965 (*)	1966 (**)
	millions of dollars			
Personal Income	8,254	8,980	9,926	10,990
Salaries, Wages and Supplementary Labour Income	5,687	6,237	6,909	7,668
Net Income from Farm Production	135	131	160	224
Net Income of Non-Farm Unincorporated Businesses	595	633	666	721
Income from Interest, Dividends and Net Rentals	723	796	865	927
Government Transfer Payments (excluding interest)	1,074	1,163	1,314	1,429
Disposable Income	7,558	8,140	8,926	9,891
Corporation Profits before Taxes	1,272	1,413	1,507	1,567

(*) Revised.

(**) Preliminary.

NOTE : Discrepancies between the net income of farmers quoted by the Q.B.S. Agriculture Division and the figure shown in National Accounts, D.B.S., are due to inventory changes, investment income and other adjustments.

SOURCES : *National Accounts* (13-201), 1965, D.B.S.
Economic Research Bureau, Quebec.

TABLE 56

AVERAGE WEEKLY SALARIES AND WAGES AND VARIATION IN PURCHASING POWER QUEBEC

Industry	1963	1966 (*)	1966/63	1966/63
	Average Weekly Salaries and Wages		Variations in Current Dollars	Variation in Purchasing Power (Constant dollars) (1)
	dollars		%	%
Mines	97.81	112.17	14.7	7.9
Primary metal industry	107.11	121.69	13.6	6.8
Electrical appliances	95.18	110.48	16.1	9.3
Chemicals	101.29	112.56	11.1	4.3
Textiles	69.80	80.53	15.4	8.6
Construction	94.42	117.64	24.6	17.8
Manufacturing	81.38	94.62	16.3	9.5
Transport and communications	89.77	107.09	19.3	12.5
Trade	67.95	76.44	12.5	5.7
Finance and Insurance	79.08	93.49	18.2	11.4
Services	59.81	73.01	22.1	15.3
Personal services	47.72	54.33	13.9	7.1
Commercial services	85.08	107.38	26.2	19.4
All sectors	80.99	95.03	17.3	10.5

(*) Estimated.
(1) Weekly Salaries and Wages by branch, divided by consumer price index (Montreal).
SOURCES : *Employment and Payrolls* (72-002);
Prices and Price Indexes (62-002), D.B.S.

TABLE 57

AVERAGE HOURLY EARNINGS AND PERCENTAGE CHANGES SELECTED INDUSTRIES

QUEBEC

1963 — 1966

	1963	1964	1965	1966 (*)	1964/1963	1965/1964	1966/1965
	¢	¢	¢	¢	%	%	%
Metallic minerals	223	229	240	251	+ 2.7	+ 4.8	+ 4.6
Manufacturing:	175	181	188	202	+ 3.4	+ 3.9	+ 7.4
— Textiles	142	149	157	164	+ 4.9	+ 5.4	+ 4.5
— Paper products	222	229	237	264	+ 3.2	+ 3.5	+ 11.4
— Iron and steel products	199	205	214	225	+ 3.0	+ 4.4	+ 5.1
— Non-ferrous minerals	228	235	240	256	+ 3.1	+ 2.1	+ 6.7
Building and engineering construction	218	232	249	272	+ 6.4	+ 7.3	+ 9.2
— Building	222	237	254	281	+ 6.8	+ 7.2	+ 10.6
— Engineering	210	224	239	257	+ 6.7	+ 6.7	+ 7.5
Services	102	105	110	115	+ 2.9	+ 4.8	+ 4.5

(*) Estimated.

SOURCE : *Review of Man-Hours and Hourly Earnings* (72-003 and 72-504), D.B.S.

Farm Income

In the national accounts context, net farm income represents a rather modest share of personal revenue : 2 per cent in 1966 (1.6 per cent in 1965). In 1966, it showed an increase of 40 per cent over 1965. This rise is due to increased output and higher farm prices of agricultural products (up 6 per cent from 1965), as well as to more substantial Québec and Federal Government subsidies : $33 million in 1966 against $16 million in 1965. According to the latest D.B.S. data, per capita net farm income went up by 93.3 per cent between 1963 and 1966, rising from $1,062 in 1963 to $2,055 in 1966. Although this considerable advance is largely attributable to the favourable weather conditions of the past year, higher productivity due to concentration and modernization of farm operations was nevertheless a decisive factor.

Other Income

Non-farm unincorporated business firms increased their earnings by 8.3 per cent compared with 1965. Investment income — interest, rentals, etc. — was $927 million, 7.2 per cent more than in 1965. Government transfer payments (excluding debt interest charges), in the form of various allowances which represented 13 per cent of personal income, increased by 8.8 per cent. Owing to wage pressure, the gain in corporation profits before taxes in 1966 was relatively small compared with the previous year : 4 per cent against 6.7 per cent in 1965.

In recent years, the rise in per capita remuneration and faster employment growth have gradually reduced the disparity in salaries and wages which existed between Québec and Ontario.

In 1965, per capita personal income in Québec represented 76.4 per cent of per capita income in Ontario ; the year before it had been 75.6 per cent.

TABLE 58

GROWTH OF PER CAPITA PERSONAL INCOME

	Québec	Ontario	Canada	Québec/ Ontario	Québec/ Canada
		dollars		%	%
1963	1,509	2,031	1,743	74.30	86.57
1964	1,614	2,134	1,827	75.63	88.34
1965 (*)	1,755	2,296	1,988	76.39	88.23
1966 (**)	1,913	n.a.	n.a.	—	—

(*) Preliminary.
(**) Estimated.
SOURCE : *National Accounts* (13-201), 1965, D.B.S.

SECTION II

Expenditure

There was a marked increase in the expenditure of all economic agents in 1966. Households spent $9,060 million. According to D.B.S. estimates, capital expenditure in the private sector, excepting residential construction, went up by 14.9 per cent. Budget estimates put the increase in Québec Government spending during the fiscal year 1966-1967 at 16.9 per cent. This increase is mostly due to the rise in ordinary expenditure (17.2 per cent, as the government's capital expenditure rose by only 7.6 per cent). Federal government spending, after deduction of $263.2 million to cover contracting out of shared-cost programmes, was 11.8 per cent higher than in 1965. Municipal governments' expenditures, including debt servicing, rose by 14.3 per cent over the previous year.

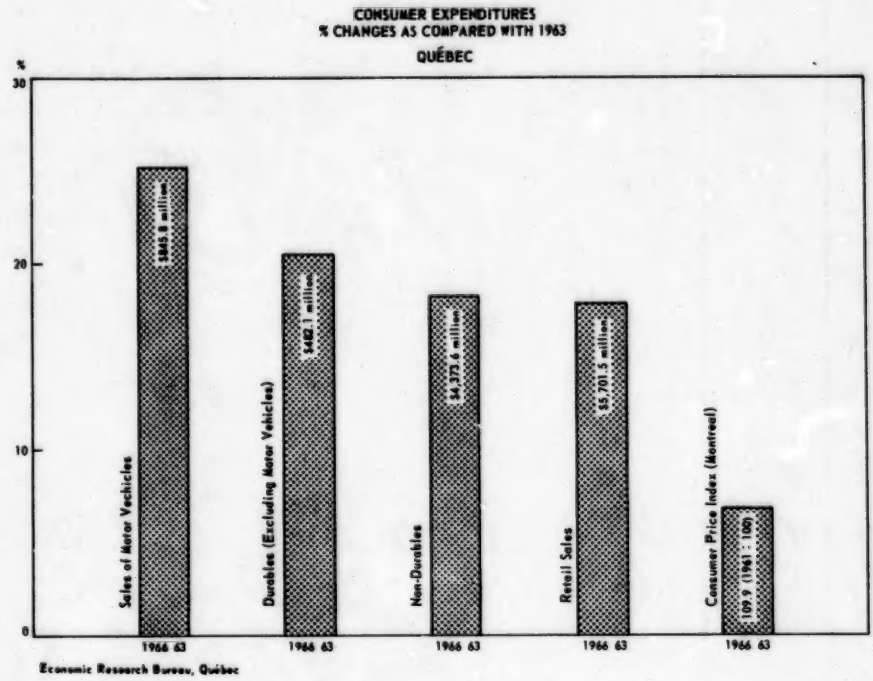
TABLE 59

EXPENDITURE BY SECTOR
QUEBEC

	1963	1964	1965	1966 (*)
	millions of dollars			
Consumer expenditure on goods and services	6,955	7,460	8,301	9,060
Private and public investments	3,127	3,685	4,133	4,510
— Residential construction	649	705	733	770
— Non-residential construction	1,315	1,661	1,952	2,081
— Machinery and equipment	1,163	1,320	1,449	1,660
Provincial Governement expenditure (1)	1,067	1,392	1,821	2,116
— Ordinary expenditure	848	1,119	1,490	1,746
— Capital expenditure	161	203	249	268
— Debt charges	41	50	59	72
— Depreciation charges	16	20	23	29
Federal Government expenditure in Québec (1)	1,847	1,874	1,606	1,795
Municipal government expenditure	432	488	560	640
— Debt charges	100	137	160	185

(*) Preliminary.
(1) Fiscal year.
SOURCES : *National Accounts* (13-001 and 13-201), D.B.S.
Estimates, Dept. of Finance.
Private and Public Investments in Canada, Minister of Trade and Commerce, Ottawa.
Finance Section, Q.B.S.
Economic Research Bureau, Quebec.

CHART XXVI



Household Expenditure

A quite substantial increase in personal income enabled Québecers to spend more and save more in 1966. There is no doubt that increased spending was partly due to the rise in the cost of living, particularly in the food sector, where groceries went up by 6 per cent. In 1966, Québecers spent $9,060 million on goods and services compared with $8,301 million in 1965.

Sales of motor vehicles were fairly level with 1965 sales : $845.8 million in 1966 compared with $842.4 million in 1965. Expenditure was 9 per cent higher than in 1965, with all categories of expenditure showing increases. However, one third of this increase is accounted for by an average price increase of 3 per cent resulting from the very steep rise in food prices (6 per cent).

TABLE 60

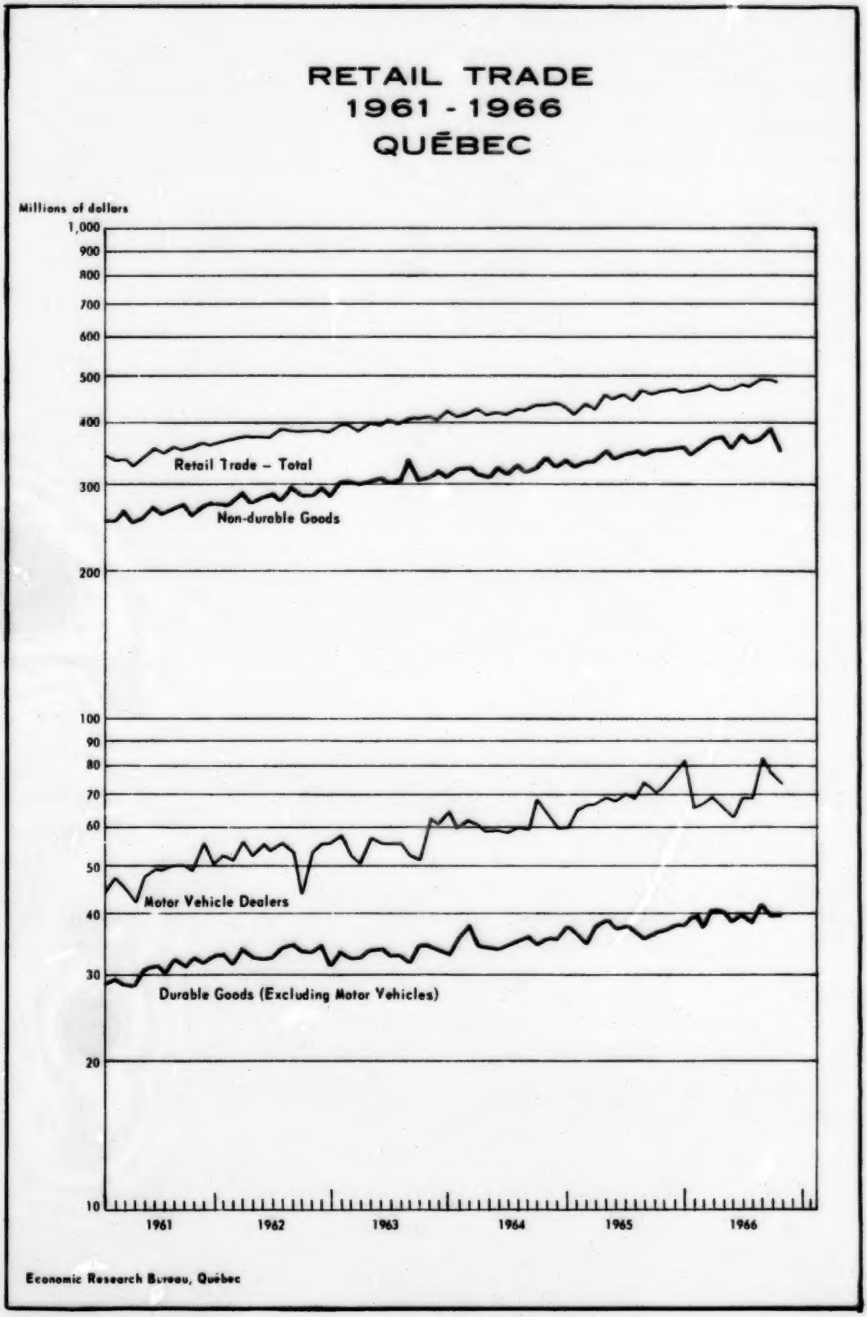
PERSONAL EXPENDITURE ON GOODS AND SERVICES (*) AND CHANGES IN CONSUMER PRICE INDEXES QUEBEC

	Personal Expenditure on Goods and Services				Changes in Consumer Price Indexes (Montreal)		
	1963	1964	1965	1966	1964/63	1965/64	1966/65
	millions of dollars				%	%	%
Food	1,878	2,014	2,241	2,446	+ 1.8	+ 1.9	+ 6.0
Clothing	765	821	913	997	+ 2.3	+ 2.1	+ 2.9
Housing	2,225	2,387	2,657	2,899	+ 0.4	+ 0.7	+ 1.4
Medical care	487	522	581	634	+ 3.7	+ 4.0	+ 2.4
Transportation	835	895	996	1,087	− 0.3	+ 4.1	+ 1.5
Tobacco and alcoholic beverages	417	448	498	544	+ 3.7	+ 2.3	+ 1.7
Recreation and reading	348	373	415	453	+ 4.7	+ 3.9	+ 2.5
TOTAL	6,955	7,460	8,301	9,060	+ 1.6	+ 2.1	+ 3.0

(*) Estimated.

SOURCE : *Prices and Price Indexes* (62-002), D.B.S.

CHART XXVII


RETAIL TRADE
1961 - 1966
QUÉBEC
Millions of dollars
1,000
900
800
700
600
500
400
300
200
100
90
80
70
60
50
40
30
20
10
Retail Trade – Total
Non-durable Goods
Motor Vehicle Dealers
Durable Goods (Excluding Motor Vehicles)
1961
1962
1963
1964
1965
1966
Economic Research Bureau, Québec

Retail sales, which reflect the trend of consumer spending in Québec, reached $5,702 million, a 5 per cent increase over the previous year. This increase was to some extent due to the higher cost of food products.

TABLE 61

RETAIL TRADE
QUEBEC

	1963	1964	1965	1966 (*)
	millions of dollars			
Non-durable goods	3,751.6	3,921.3	4,136.9	4,373.6
Durable goods (including motor vehicles)	1,089.2	1,171.3	1,292.1	1,327.9
Motor vehicles	674.9	743.1	842.4	845.8
TOTAL	4,840.8	5,092.6	5,429.0	5,701.5

(*) Estimated.
SOURCE : *Retail Trade* (63-005), D.B.S.

Business Expenditure *

Capital expenditure in the business sector has been constantly increasing in the past few years. Business firms (excluding those engaged in residential construction) spent $2,144 million in 1966. Expenditures in the trade and manufacturing sectors showed the highest rates of increase — 23.9 per cent and 24.4 per cent respectively.

Government Expenditure

As the Government assumes greater responsibility in the social field its financial obligations increase. The Québec Government's current expenditure per head rose from $183.75 in 1963-1964 to $348.81 in 1966-1967, an increase of 89.8 per cent. Health, Education and Welfare take the largest slice of the Government's revenue. Moreover, to improve and extend the infrastructure, it was necessary to invest more capital in road construction and public works. In 1966, for instance, federal, provincial and local governments and the Québec Autoroute Authority invested over $300 million in this field.

The expansion of municipal services has entailed increased spending year after year. In 1966, municipal expenditure reached $640 million.

The Federal Government spent on its different services in Québec $1,795 million, an increase of 11.8 per cent over 1965.

* Further details will be found in the chapters dealing with construction and investment.

TABLE 62

GOVERNMENT EXPENDITURE ON MAIN SERVICES

	1963-64	1964-65	1965-66	1966-67
	millions of dollars			
Family and Social Welfare	135,797	146,405	224,392	243,130
Health	185,968	207,731	410,459	519,872
Education	269,249	338,206	389,499	487,734
Transportation and Communications	165,830	225,590	284,512	285,152
Other services	247,912	280,312	445,906	467,764
TOTAL (*)	1,004,756	1,198,244	1,754,768	2,003,652

GOVERNMENT EXPENDITURE ON MAIN SERVICES PER PERSON

	dollars			
Family and Social Welfare	24.83	26.32	39.67	42.33
Health	34.01	37.35	72.56	90.50
Education	49.24	60.81	68.85	84.91
Transportation and Communications	30.33	40.56	50.29	49.64
Other services	45.34	50.40	78.82	81.43
TOTAL	183.75	215.43	310.19	348.81

SHARE OF EACH SERVICE IN OVER-ALL GOVERNMENT EXPENDITURE

	%			
Family and Social Welfare	13.5	12.2	12.8	12.1
Health	18.5	17.4	23.4	26.0
Education	26.8	28.2	22.2	24.3
Transportation and Communications	16.5	18.8	16.2	14.2
Other services	24.7	23.4	25.4	23.4
TOTAL	100.0	100.0	100.0	100.0

(*) Excluding debt service.
SOURCE : *Estimates, Province of Quebec.*

CHAPTER VI

Private and Public Investment*

The net investment total for 1966 was $3,566 million. An additional $944 million for repairs and maintenance brings Québec's gross investment to $4,510 million, or 30.3 per cent of Québec's gross product.

The growth rate of net investment in 1966 was 10.4 per cent, compared with 14.2 per cent in 1965 and 22.9 per cent in 1964. For Canada as a whole, the growth rate was 13.7 per cent, 16.9 per cent and 16.5 per cent respectively.

Both at the Quebec and the Canadian level, there were some bottlenecks due to a lack of qualified manpower and a shortage of certain materials, although the latter was less acute towards the end of the year. Moreover, the difficulties which existed in the money market affected the general level of economic activity.

By analysing investment in each major sector of economic activity it is possible to measure the progress made in 1966.

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* According to a survey carried out early in 1966 by the Dominion Bureau of Statistics and the federal Trade and Commerce Department, Québec's net investment for the year was supposed to reach $3,566 million. However, activity in public utilities and residential construction fell off during the latter half of 1966. As mentioned in the sections dealing with these two sectors, it is estimated that net investment in public utilities was $100 million below the predicted figure and that there was a slight falling off in residential construction. It was nevertheless decided to include the survey's capital expenditure forecasts in the tables showing investment in public utilities and residential construction, even if, should the Economic Research Bureau's estimates prove to have been correct, some adjustments may have to be made later on.

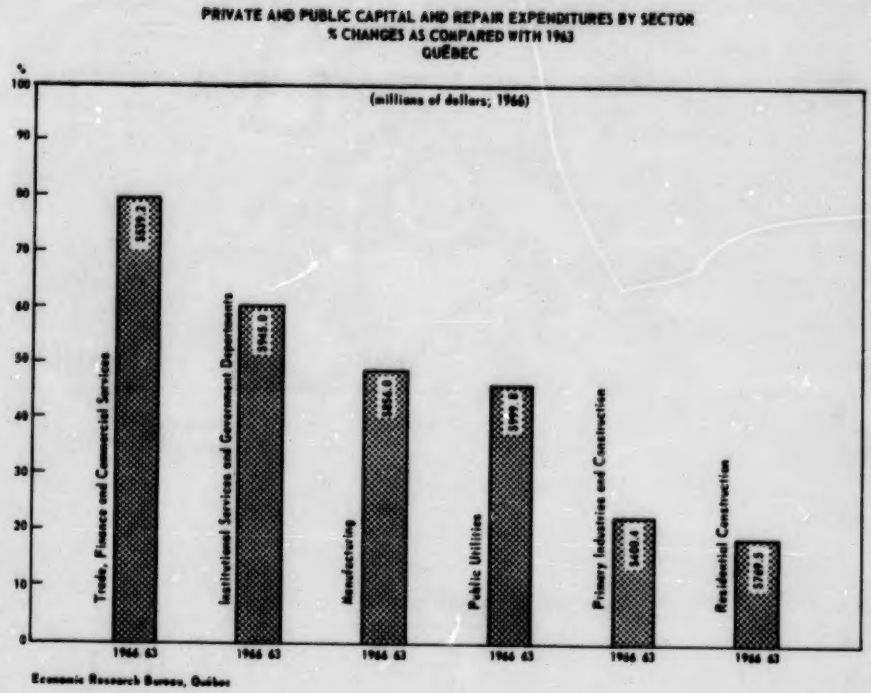
TABLE 63

CAPITAL AND REPAIR EXPENDITURES BY SECTOR
QUEBEC

Sector	1963	1964	1965 (*)	1966 (**)	1964/63	1965/64	1966/65
	millions of dollars				%	%	%
Primary Industries and Construction	328.0	384.4	383.4	400.4	+ 17.2	− 0.3	+ 4.4
Manufacturing	574.7	699.3	724.0	856.0	+ 21.7	+ 3.5	+ 18.2
Public Utilities	685.2	851.4	940.8	999.8	+ 24.3	+ 10.5	+ 6.3
Trade, Finance and Commercial Services	300.1	328.7	445.4	539.2	+ 9.5	+ 35.5	+ 21.1
Residential Construction	649.0	705.3	732.9	769.5	+ 8.7	+ 3.9	+ 5.0
Institutional Services and Government Departments	589.9	716.2	906.9	945.0	+ 21.4	+ 26.6	+ 4.2

(*) Preliminary.
(**) Estimated.
SOURCE : *Private and Public Investments in Canada* (61-205), Department of Trade and Commerce, Ottawa.

CHART XXVIII



SECTION I

Primary Sector

Investments in this sector * totalled $400.4 million. Following a drop of 5.4 per cent in 1965, the primary sector's share of over-all investment went up 5 per cent in 1966. This increase followed the purchase of new machinery and equipment, necessitated mostly by the completion of installations begun in 1964.

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* Includes capital expenditures on construction equipment but excludes investment in the power industry, as this has been included in investment made in public utilities.

TABLE 64

CAPITAL AND REPAIR EXPENDITURES IN THE PRIMARY SECTOR AND CONSTRUCTION INDUSTRY
QUEBEC

	Construction	Machinery and Equipment	Repairs	Total
		millions of dollars		
1963	79.0	129.8	119.2	328.0
1964 (1)	106.5	146.1	131.8	384.4
1965 (2)	83.5	155.5	144.4	383.4
1966 (3)	79.4	171.5	149.5	400.4

(1) Revised.
(2) Preliminary.
(3) Estimated.
SOURCE : *Private and Public Investments in Canada* (61-205), *Department of Trade and Commerce, Ottawa.*

SECTION II

Manufacturing

The share of the manufacturing sector in Québec's gross investments (19 per cent in 1966) has been pretty stable in the last few years. However, in 1965 this sector recorded one of the highest investment growth rates (18.2 per cent), ranking second only to trade, finance and commercial services, where investment went up 21.1 per cent.

The highest increase in capital expenditure compared with the previous year was in the manufacturing sector (24.4 per cent). It is more than likely that the 1966 forecasts, which put capital expenditure in this sector at $628 million, were accurate in view of the general 15 per cent increase in industrial construction. The 28 per cent increase in machinery and equipment purchases is a clear indication that the manufacturing industries intend to augment their production capacity. Nonetheless, manufacturing investment totals in the Montreal area have tended to decrease in recent years in comparison with investments in the province as a whole (35.2 per cent for 1963 and 28.5 per cent for 1966).

TABLE 65

CAPITAL AND REPAIR EXPENDITURES IN MANUFACTURING

QUEBEC

	Construction	Machinery and Equipment	Repairs	Total
		millions of dollars		
1963	93.0	273.4	208.3	574.7
1964 (1)	115.6	355.6	228.1	699.3
1965 (2)	130.7	374.7	218.6	724.0
1966 (3)	149.0	479.9	227.1	856.0

(1) Revised.
(2) Preliminary.
(3) Estimated.
SOURCE : *Private and Public Investments in Canada* (61-205), *Department of Trade and Commerce, Ottawa.*

The four branches which in 1966 accounted for half the private investment total in manufacturing were : paper and related products, primary metals, chemical products, food and beverages. The most important of these, the paper and related products branch, recorded an increase of 50 per cent in 1966, following a similar increase in 1964. Primary metals, which had advanced only slowly in the three years previous to 1966, showed a rise of 81 per cent. Chemical products registered a considerable investment upturn while food and beverages remained fairly stable. The most dynamic among the other manufacturing branches were the rubber industry and the electrical appliances and equipment industry.

TABLE 66

CAPITAL EXPENDITURE IN SELECTED MANUFACTURING INDUSTRIES QUEBEC

	1963	1964	1965 (*)	1966 (**)	1963/62	1964/63	1965/64	1966/65
	millions of dollars				%	%	%	%
Paper and related products	61.8	93.2	101.1	152.0	+ 25.4	+ 50.8	+ 8.5	+ 50.3
Primary metals	51.6	60.1	53.5	96.9	+ 16.7	+ 16.5	− 11.0	+ 81.1
Chemical products	27.3	22.6	31.6	50.5	− 29.5	− 17.2	+ 39.8	+ 59.8
Food and beverages	42.1	39.5	46.1	45.2	+ 2.4	− 6.2	+ 16.7	− 2.0
Rubber	2.7	5.7	7.3	21.5	+ 68.8	+111.1	+ 28.1	+194.5
Electrical appliances and equipment	13.2	14.1	17.8	23.3	+ 9.1	+ 6.8	+ 26.2	+ 30.4

(*) Preliminary.
(**) Estimated.
SOURCE : *Private and Public Investments in Canada* (61-205), Department of Trade and Commerce, Ottawa.

Section III

Public Utilities

Scarcity of private capital, high interest rates and various government measures to check pressure of demand are responsible for the reduction in engineering construction — specifically hydroelectric construction, judging by contracts awarded — and account for the fact that capital expenditure was 13 per cent below the $784 million forecast at the beginning of the year.

Table 67

CAPITAL AND REPAIR EXPENDITURES IN PUBLIC UTILITIES QUEBEC

	Construction	Machinery and Equipment	Repairs	Total
	millions of dollars			
1963	326.8	163.0	195.4	685.2
1964 (1)	505.6	146.2	199.6	851.4
1965 (2)	526.6	207.7	206.5	940.8
1966 (3)	526.4	258.2	215.2	999.8

(1) Revised.
(2) Preliminary.
(3) Estimated.
Source : *Private and Public Investments in Canada* (61-205), *Department of Trade and Commerce, Ottawa.*

Section IV

Trade, Finance and Commercial Services

In 1966, investments in this sector totalled $539 million, an increase of 21 per cent compared with 1965. Capital expenditure on construction exceeded $300 million and machinery and equipment absorbed $162 million. Montreal Island, the site of most of the large-scale building projects, accounts for 70 per cent of the value of construction contracts awarded.

TABLE 68

CAPITAL AND REPAIR EXPENDITURES IN TRADE, FINANCE AND COMMERCIAL SERVICES
QUEBEC

	Construction	Machinery and Equipment	Repairs	Total
	millions of dollars			
1963	146.3	108.0	45.8	300.1
1964 (1)	159.4	121.0	48.3	328.7
1965 (2)	248.8	138.2	58.4	445.4
1966 (3)	317.0	162.3	59.9	539.2

(1) Revised.
(2) Preliminary.
(3) Estimated.
SOURCE : *Private and Public Investments in Canada* (61-205), *Department of Trade and Commerce, Ottawa.*

SECTION V

Housing

According to early-year forecasts, housing investment was expected to be slightly higher than in 1965. However, several factors, such as scarcity of private capital for mortgage financing, high interest rates and the high cost of labour, have prevented or delayed the realization of new projects, particularly the construction of apartment houses, thus reducing the volume of residential construction. Despite this decrease, investment in residential construction accounts for over 40 per cent of over-all investment in the building industry.

TABLE 69

CAPITAL AND REPAIR EXPENDITURES IN HOUSING
QUEBEC

	Construction	Machinery and Equipment	Repairs	Total
	millions of dollars			
1963	493.9	—	155.1	649.0
1964 (1)	548.9	—	156.4	705.3
1965 (2)	565.1	—	167.8	732.9
1966 (3)	591.6	—	177.9	769.5

(1) Revised.
(2) Preliminary.
(3) Estimated.
SOURCE : *Private and Public Investments in Canada*, (61-205), *Department of Trade and Commerce, Ottawa.*

SECTION VI

Institutional Services and Government Departments

For some years now, capital expenditure of institutional services has been falling off somewhat in the first half of each year and picking up in the second half. Although construction spending has been decreasing by 6 to 7 per cent on the average during the past year, this sector maintains its important position with a capital expenditure of $250 million.

Government services have curbed capital expenditure in accordance with the Government's budget policy, which aims at reducing pressure on resources and at holding down prices. Although engineering construction was postponed and government-financed urban renewal projects were temporarily shelved in 1966 for economic reasons, the Government's capital expenditure on construction in connection with Expo'67 exceeded $450 million.

TABLE 70

CAPITAL AND REPAIR EXPENDITURES IN INSTITUTIONAL SERVICES AND GOVERNMENT DEPARTMENTS QUEBEC

	Construction	Machinery and Equipment	Repairs	Total
		millions of dollars		
1963	442.3	46.1	101.5	589.9
1964 (1)	500.2	73.3	142.7	716.2
1965 (2)	725.9	74.8	106.2	906.9
1966 (3)	759.6	71.3	114.1	945.0

(1) Revised.
(2) Preliminary.
(3) Estimated.

SOURCE : *Private and Public Investments in Canada* (61-205), *Department of Trade and Commerce, Ottawa.*

CHAPTER VII

Private and Public Finance

In an economy based on privately owned means of production and on profit, the financial policy of the private sector differs fundamentally from that of the public sector. The policy of the former conforms to economic fluctuations and production is adapted to demand in order to ensure maximum profits.

The situation is quite different in the public sector, particularly at the level of the provincial government, which is faced with growing social and economic responsibilities. The government does not necessarily have to make its financial commitments contingent on its revenues. It is not bound by the same financing principles as the private sector. In fact, during an economic recession it is the government's duty to adopt a budget policy designed to counteract the slump so as to save the population from the consequences of unemployment.

Unfortunately, the lack of financial statistics at the Québec level makes a coherent economic analysis extremely difficult. Only scanty information is available on financial activities in Québec. It was nevertheless decided to attempt to show in the summary which follows the salient features of financial activity in some branches of the private and public sectors.

The imbalance between the formation of liquid assets and the growing financing needs of the government and the economy as a whole is the reason for the gradual increase in interest rates which began in mid-1965. Since last August, however, a relative stabilization of interest rates has produced some relaxation in the money market. Lower interest rates would promote an increase in cash balances and stimulate expansion, provided over-all demand and effective supply can be brought into line for, otherwise, prices might continue to rise.

TABLE 71

AVERAGE YIELD OF MEDIUM AND LONG-TERM BONDS

1966	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
Government of Canada												
C. 4¼% Sept. 1, 1972.....	5.33	5.53	5.58	5.56	5.60	5.59	5.69	5.93	5.80	5.70	5.79	5.82
C. 4½% Sept. 1, 1983.....	5.43	5.61	5.66	5.62	5.64	5.66	5.75	5.88	5.80	5.73	5.84	5.88
5¼% May 1, 1990.....	5.53	5.56	5.64	5.65	5.65	5.68	5.75	5.89	5.85	5.74	5.82	5.86
Province of Quebec												
5½% June 15, 1986.....	5.97	5.98	6.04	6.12	6.12	6.12	6.25	6.40	6.60	6.66	6.71	6.74
Hydro Quebec												
5% Nov. 1, 1980.....	5.94	5.95	6.11	6.12	6.12	6.12	6.20	6.36	6.60	6.65	6.70	6.74
Municipalities												
Montreal 5¼% March/ 2004.....	6.09	6.11	6.23	6.25	6.26	6.34	6.40	6.58	6.72	6.95	6.95	7.06

SOURCE : *Finance Section*, Q.B.S., *Dept. of Industry and Commerce.*

Private Finance

As mentioned before, no data are available at the provincial level with regard to financial commitments on the part of individuals or business firms, except for loans made by finance companies for the purchase of motor vehicles. In 1966, these loans were estimated at $335 million, about 4.7 per cent down from 1965. It is estimated that the share of banks and other institutions in loans of this type is roughly the same as that of finance companies. About 80 per cent of all motor vehicles bought are financed wholly or partly by loans.

TABLE 72

FINANCIAL STATISTICS — PRIVATE SECTOR
QUEBEC

	1963	1964	1965	1966 (*)
	millions of dollars			
Cheques cashed in clearing centres (monthly average)	9,303.0	10,848.9	12,347.2	13,700.0
Value of construction mortgages	813.0	998.6	1,121.1	1,060.5
Value of shares traded on Montreal Stock Exchange	873.9	1,122.8	1,250.8	1,025.6
Industrial Development Bank loans	22.5	25.0	28.4	32.0
Finance company loans for motor vehicle purchases	292.1	341.4	350.9	335.0
Commercial failures (liabilities)	91.5	111.2	107.2	115.9

(*) Estimated.

SOURCES : *Cheques Cashed in Clearing Centres* (61-001), D.B.S.
Credit Statistics (61-004), D.B.S.
Commercial Failures (61-002), D.B.S.
Canadian Statistical Review (11-003), D.B.S.
Canadian Housing Statistics (*Central Mortgage and Housing Corporation*).
Industrial Development Bank.

CHART XXIX

SELECTED FINANCIAL INDICATORS
% CHANGES AS COMPARED WITH 1963
QUÉBEC

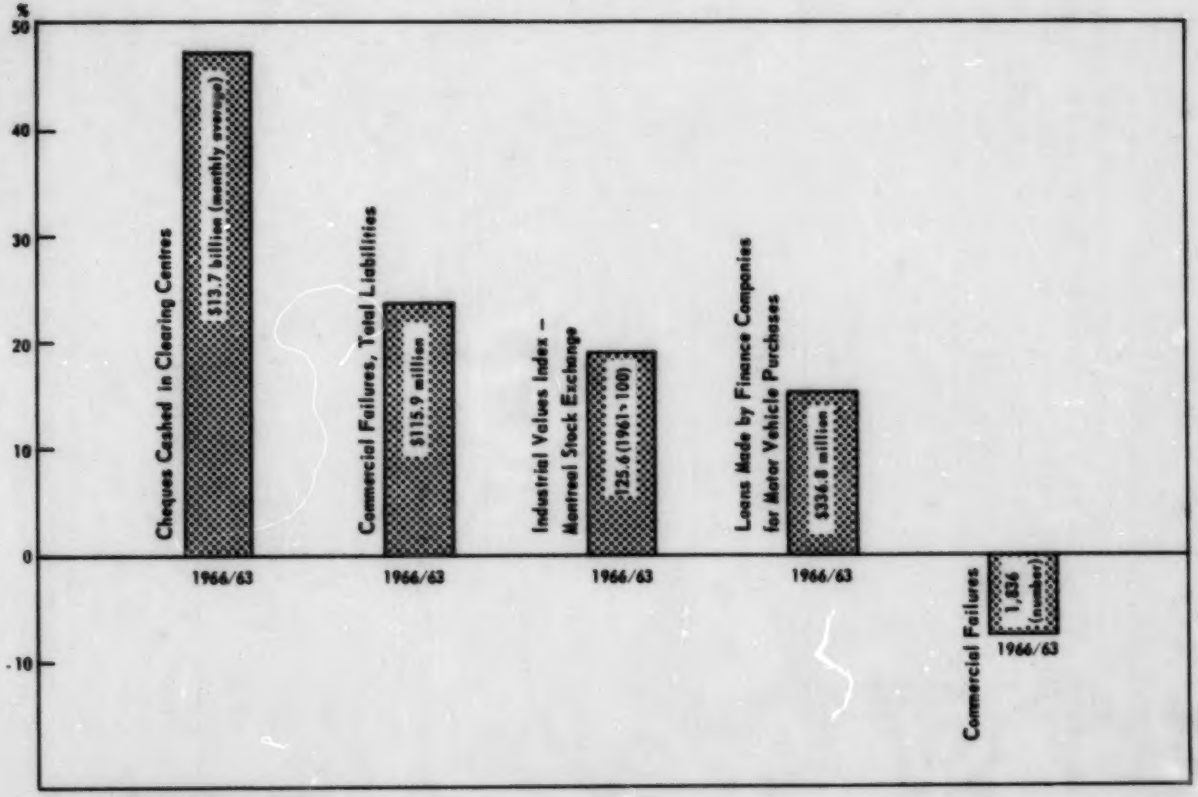

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TABLE 73

COMMERCIAL FAILURES

	QUEBEC			ONTARIO			CANADA		
	Failures	Total Liabilities	Average Liabilities	Failures	Total Liabilities	Average Liabilities	Failures	Total Liabilities	Average Liabilities
	number	($'000)	$	number	($'000)	$	number	($'000)	$
1960	1,638	61,851	37,760	914	91,090	99,661	2,828	174,548	61,721
1961	1,450	49,133	33,885	932	48,350	51,878	2,659	116,520	43,821
1962	1,694	77,002	45,456	1,177	55,946	47,533	3,190	149,440	46,846
1963	1,987	91,468	46,033	1,389	84,259	60,662	3,677	195,602	53,196
1964	1,872	111,172	59,387	1,281	71,195	55,578	3,499	208,734	59,655
1965	1,748	107,182	61,317	1,248	258,935	207,480	3,295	393,651	119,469
1965 (nine months)	1,310	76,628	58,495	984	240,499	244,410	2,516	338,908	134,701
1966 (nine months)	1,310	88,585	67,622	808	66,317	82,075	3,295	174,476	52,952

SOURCE : *Canadian Statistical Review* (11-003), D.B.S.

As for house financing, the value of registered mortgages, representing between 60 and 70 per cent of the value of the buildings mortgaged, was $1 billion. Although it is rather difficult to determine the share of residential construction in these mortgage loans, it was estimated at some $500 million in 1966.

Based on the proportion of Québec's disposable income to Canadian disposable income, consumer credit in Québec was evaluated at approximately $2 billion.

Business activity is reflected, as it were, in the amounts cashed in clearing centres, the value of shares traded on the stock exchange and the number of commercial failures. The monthly averages of cheques cashed in clearing centres rose from $7,459 million in 1961 to $13 billion in 1966. This upward trend is due to the greater volume as well as to the faster pace of trading. Although throughout 1966 there was an average decrease of 18 per cent compared with 1965, the value of shares traded on the Montreal Stock Exchange reached $1,025 million. The index of 65 industrial shares recorded an average decrease of only 4.3 per cent, despite the 8.3 per cent drop in August which coincided with the fall of 425 industrials in the New York market. The number of commercial failures during the first nine months of 1966 was the same as that for the corresponding period of 1965, but average liabilities were up 15.6 per cent. It is to be noted that Québec's share of commercial failures was only 39.8 per cent in 1966 compared with 52 per cent in 1965.

Public Finance

In recent years, both the Québec Government and local governments have had to increase borrowing in the money market in order to provide Québec with an economic and social infrastructure commensurate with the population's aspirations. Although economic expansion raised government revenues, thereby facilitating increased spending, the development and improvement of large-scale government services could not be financed entirely out of current revenue. It therefore became necessary to resort to the capital market.

Despite the fact that scarce money and a restrictive monetary policy obliged public and semipublic institutions to curb their demands in 1966, loans raised by the Government and the municipalities of Québec, by school boards and by Hydro-Québec reached $856.8 million compared with $678.2 million in 1965. Municipal and Hydro-Québec loans are mainly responsible for this increase. Québec Government loans in the Canadian market were down 9.6 per cent.

Owing to higher interest rates, the cost of borrowing has gone up. The cost of the province's loans went up 10 per cent while the cost of municipal borrowing increased by 15.7 per cent in the Canadian market and by 16.9 per cent in the U.S. market. School boards had to pay 20 per cent more than in 1965. The cost of bonds issued by Hydro-Québec in the Canadian and U.S. markets rose by 18 per cent and 23 per cent respectively.

TABLE 74

PUBLIC SECTOR BORROWING
QUEBEC

	1963	1964	1965	1966 (*)
	millions of dollars			
Province of Quebec	252.3 (1)	243.9 (1)	299.1 (1)	270.3 (1)
Municipalities (2)	163.0	182.3	187.3	179.2
	4.7 (3)	102.4 (3)	43.9 (3)	113.4 (3)
School Boards	81.0	65.5	22.9	43.9
	0.9 (3)	10.3 (3)	—	—
Hydro-Quebec	103.2	110.0	75.0	100.0
	300.0 (3)	100.0 (3)	50.0 (3)	150.0 (3)

NET COST OF PUBLIC SECTOR BORROWING
QUEBEC

	1963	1964	1965	1966
	%	%	%	%
Province of Quebec	5.473	5.219	5.568	6.133
Municipalities	5.912	6.038	6.208	7.187
	5.679 (3)	5.078 (3)	5.063 (3)	5.920 (3)
School Boards	5.952	6.039	5.906	7.184
	5.596 (3)	5.211 (3)	—	—
Hydro-Quebec (4)	4.999	5.454	5.077	6.000
	5.000 (3)	4.625 (3)	4.625 (3)	5.567 (3)

(*) Preliminary.

(1) Including Government of Quebec Saving Bond issues ($177,289,200 in 1963, $93,908,000 in 1964, $89,085,250 in 1965 and $65,281,250 in 1966) redeemable on demand at 5, 5½ and 5¼ per cent.

(2) Including issues by public tender, over the counter, or by private contract, but excluding annuities.

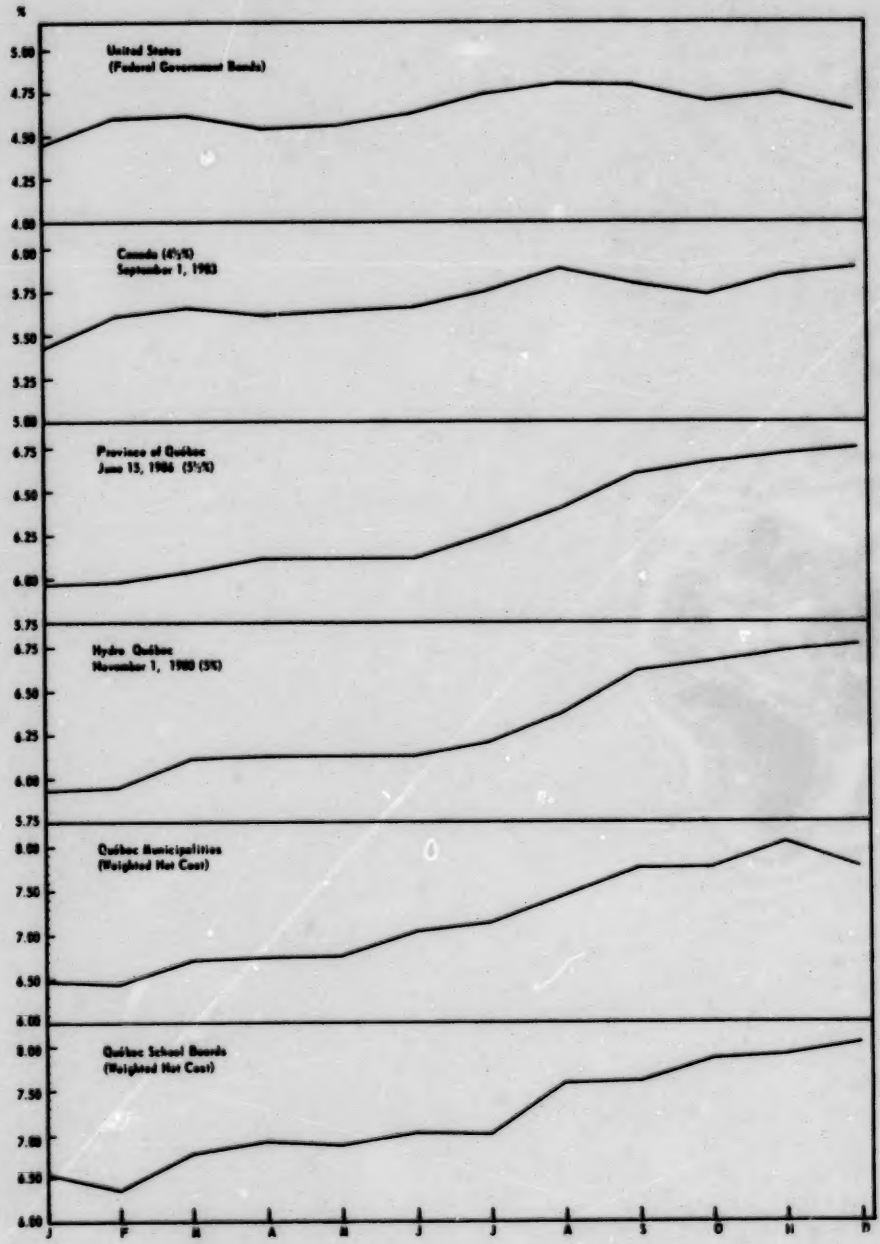
(3) Transactions on U.S. Market.

(4) Nominal interest rate of debentures (weighted annual value).

SOURCES : *Departments of Finance and Municipal Affairs; Hydro Quebec.*

CHART XXX

YIELD OF SELECTED LONG-TERM BONDS
QUÉBEC-CANADA-UNITED STATES
1966



Economic Research Bureau, Québec

SUMMARY

The imbalance between the formation of liquid assets and the growing financing requirements of the public and private sectors were the outstanding features of the western economy in 1966.

The upward movement within the European Economic Community slowed down. Expansion continued in Italy and, to a lesser degree, in France, whereas in Germany the trend was distinctly towards a slowdown. In Belgium and the Netherlands, a slackening in external trade is responsible for the economic standstill. In the United Kingdom, the measures taken in July have already produced results, and the greater equilibrium of the economy's forces has contributed to a slight increase in the gross national product.

Despite a slowdown in construction and the implementation of restrictive monetary policies, the United States — in common with Canada and Québec — recorded the highest economic growth rate after Japan and Italy.

Québec's economic performance in 1966 far outdistanced that of 1965, which had also been a year of considerable prosperity.

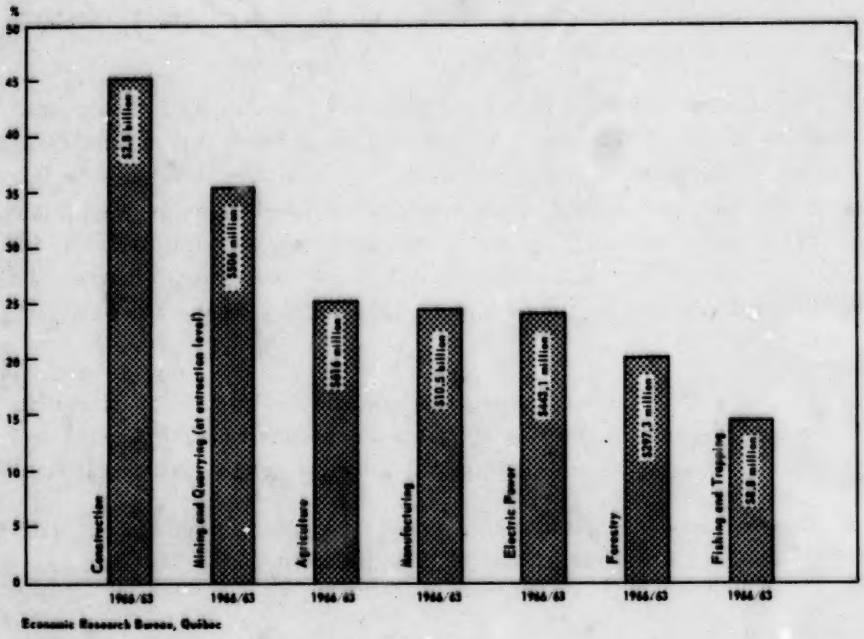
Production

Over-all production volume was greater than in 1965. Gross farm income was $657 million, up 9.2 per cent from the year before. This increase was reflected in farmers' net income. Thanks to a 6 per cent rise in farm prices of agricultural products, higher production and Federal and Québec Government subsidies totalling $34 million, farmers' net income reached $234 million, 37.6 per cent more than in 1965.

The 13,350 loans granted to farmers by the Québec Farm Credit Bureau, the Canadian Farm Credit Corporation and other financial institutions under the Farm Improvement Loans Act totalled $57,732,000. The money thus raised is used in much the same way year after year : in 1966, 44.7 per cent went into various investments while the remainder was used for land purchases and debt consolidation.

CHART XXXI

GROSS PRODUCTION VALUE BY SECTOR
%CHANGES AS COMPARED WITH 1963
QUÉBEC



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The Governments of Québec and Ottawa are implementing a joint long-term development policy with a view to orienting the fishing industry towards offshore fishing. As a result, the offshore fishing fleet has been growing steadily since 1961 ; in 1966, it had 152 units. Another 12 units, consisting of trawlers ranging from 60 to 166 feet in length, will be put into service in 1967. The volume of offshore landings has been growing at an annual rate of 20 per cent while their value has been increasing by 18 per cent a year. The numbers of fishing units and fishermen in the inshore fishing fleet have also been rising since 1963. Efforts to specialize fishing by concentrating on the most sought after species have produced a decrease in volume and an increase in value. The industry's production value for 1966 was $12.2 million, 8.1 per cent more than for 1965, which had been a record year.

The forest industry's output was 3.9 per cent higher in 1966 than in 1965. Total production value, estimated at $297 million, showed a 7.6 per cent increase over 1965. This over-all rise is almost entirely due to the increased value of pulpwood, which went up by 10.9 per cent against a mere 1.4 per cent for lumber and 4.7 per cent for other categories. It must be remembered that the pulpwood industry depends on external markets, the U.S. market in particular, and that its production represents over half the forestry production in both volume and value, which in 1966 was 58 per cent and 64 per cent respectively.

Activity in the mining sector is constantly growing. The value of ores extracted in 1966 was $506 million, 2.3 per cent more than in 1965. As opposed to previous years, the over-all increase was due to industrial minerals, whose 13.8 per cent rise contrasts with an increase of only 0.1 per cent for metals and a drop of 4.8 per cent for building materials. The processing level was marked by the same upward trend which did, however, reflect the higher prices of certain minerals. Production value was $750 million, a 3.9 per cent increase over 1965. According to forecasts, the upward movement in the mining sector will continue in 1967.

At the end of 1966, net energy generating capacity came to 11 million kw, a 3.9 per cent increase compared with the previous year. Power production (net generation) reached 62.9 billion kwh, 10.5 per cent in excess of the 1965 total. Gross production value was estimated at $443.1 million, 70 per cent of which represented sales of energy, after deduction of imports.

The industrial sector absorbs 64.7 per cent of the power produced. The rest is divided as follows : Households and farms — 14.3 per cent ; services — 4.4 per cent ; street lighting — 0.4 per cent. In 1966, 10 per cent of the total power production was exported, against 8.4 per cent in 1965.

The steady demand for Québec-made products in domestic and external markets during 1966 accounts for the fact that activity in the manufacturing sector was at a higher level than in 1965. The value of shipments — $10,500 million — showed an increase of $800 million and a growth rate of 8.2 per cent. This dynamic development is due not only to structural changes in the sector but more particularly to the key industries. Employment rose by 4.9 per cent : 8.4 per cent for the durable goods branches and 2.9 per cent

for the non-durable goods branches. Growth rates of value added and wage totals were also higher in durables than in non-durables.

Of special interest is the particularly fast growth of Québec's key industries in 1966. The smelting and refining industry, whose shipment value hit the billion dollar mark, leads Québec's industries in production value. The pulp and paper industry is increasing its production capacity year by year. The value of the pulp and paper output, most of which is exported, rose by 13.2 per cent in 1966. Another key industry which has made remarkable progress in recent years is the electrical appliances and equipment industry. In 1966, the industry increased the value of its shipments by $179.3 million and set a record by creating 7,500 new jobs.

Québec's chemical products and textile industries are expanding. The value of shipments in the chemicals industry went up by 12.2 per cent. In spite of a prolonged work stoppage due to labour unrest in one of its branches, the textile industry raised the value of its shipments in 1966 to $758.6 million.

Early-year forecasts put over-all construction investment for 1966 at $2,423 million, in addition to $427 million for repairs and maintenance. At the end of the year, however, it had not reached $2 billion. This was due to anti-inflationary measures and to a slowdown in engineering construction. Intensive activity in commercial and industrial construction accounts for the fact that over-all construction value, engineering construction excepted, was roughly the same as in 1965. Non-residential construction increased by 9 per cent over 1965 thanks to the important contribution of commercial construction. The rapid industrial expansion of the past few years was still in evidence in manufacturing construction, whose value rose by 15 per cent in 1966. Québec spends $250 million a year on building schools, hospitals and religious institutions. Of the $191 million spent in 1966 on the construction and repair of educational buildings, $182 million went on new buildings.

Each year since 1964, over 41,500 dwelling units have been completed and an equal number of units started. In 1966, owing to the tight money market, there were not quite 38,000 housing starts.

TABLE 75

GROSS PRODUCTION VALUE BY SECTOR
QUEBEC

SECTOR	1961	1962	1963	1964	1965 (*)	1966 (**)	62/61	63/62	64/63	65/64	66/65
	millions of dollars						%	%	%	%	%
Agriculture (1)	460.8	485.1	492.0	496.1	561.9	616.0	+ 5.3	+ 1.6	+ 0.8	+ 13.3	+ 9.6
Forestry	239.5	222.5	247.7	283.0	276.3	297.3	− 7.1	+ 11.3	+ 14.2	− 2.4	+ 7.6
Fishing and trapping (2)	5.8	6.5	7.7	7.9	8.6	8.8	+ 12.1	+ 18.5	+ 2.6	+ 8.9	+ 2.3
Electric power	322.0	333.5	357.9	382.7	413.8	443.1	+ 3.6	+ 7.3	+ 6.9	+ 8.1	+ 7.1
Mining and quarrying (3)	285.5	357.2	372.2	474.2	494.6	506.0	+ 25.1	+ 4.2	+ 27.4	+ 4.3	+ 2.3
Manufacturing (4)	7,309.8	7,921.5	8,441.5	9,270.1	9,721.0	10,500.0	+ 8.4	+ 6.6	+ 9.8	+ 4.9	+ 8.0
Construction	1,732.7	1,890.6	1,963.9	2,365.9	2,684.7	2,850.2	+ 9.1	+ 3.9	+ 20.5	+ 13.5	+ 6.2

(1) To avoid duplication, rent has been deducted.
(2) Landed value for fishing.
(3) Value at extraction level.
(4) Shipping value.
(*) Preliminary.
(**) Estimated.

SOURCE : *Economic Research Bureau, Quebec.*

The Labour Market

In June 1966, the population of Québec stood at 5,744,000 or 28.8 per cent of the Canadian population. However, its growth rate of 1.5 per cent was the lowest recorded in the past ten years. In 1966, participation of the labour force in the labour market was 368 per 1,000 population, an increase of 21 per 1,000 since 1963, the year employment growth began to pick up speed ; the 1966 growth rate was 4.7 per cent. In 1966, the number of people in the labour market averaged 2,116,000. Participation of the 14-19 age group was smaller than in previous years, but the number of women employed was greater. There were 58,000 more women in the labour market in 1966 than in 1965, particularly in the non-farm sectors.

Despite the constant decline in farm employment, the number of persons employed in the economy as a whole rose from 322 per 1,000 in 1963 to 351 per 1,000 in 1966. This means an increase of 29 per 1,000 employees and an annual growth rate of 2.9 per cent. With 104,000 new jobs in 1966, Québec had an over-all employment growth rate of 5.7 per cent, the largest increase in employment recorded for any year of this expansionary period. A total of 2,016,000 persons were employed in 1966. The increase in employment affected all age groups.

The upward movement in employment since 1963 has gradually reduced unemployment. Only 4.7 per cent of the labour force was unemployed in 1966, the lowest unemployment rate since 1957.

Income and Expenditure

Continued expansion, the unprecedented growth of employment in Québec and the increase in the wage bill over the past two years are the main factors responsible for the rise in personal income. Personal income in 1966 was $10,990 million compared with $9,926 million in 1965. Per capita personal income rose from $1,755 in 1965 to $1,913 in 1966, an increase of 9 per cent. This over-all increase is reflected in all components of personal income, particularly in the substantial increases in salaries and wages, which totalled $7,668 million. The reason is faster employment growth (5.4 per cent) and a 7.7 per cent increase in weekly earnings.

Better prices, higher production and increased government aid account for the 37.6 per cent increase in farmers' net income, which totalled $234.5 million. Non-farm unincorporated business enterprises increased their profits by 8.3 per cent compared with 1965. Investment income — interest, rentals, etc. — rose by 7.2 per cent to $927 million in 1966. Government transfer payments, excluding debt servicing, represented 13 per cent of personal income and increased by 8.8 per cent. Owing to wage pressure, the increase in corporation profits before taxes was smaller than in 1965, 4 per cent in 1966 against 6.7 per cent in 1965.

There was a marked increase in the expenditure of all economic agents in 1966. Households spent $9,060 million ; business enterprises, except those engaged in residential construction, increased their expenditures by 14.9 per cent. Budget estimates put the increase in Québec Government expenditure for fiscal 1966-1967 at 16.9 per cent. Ordinary expenditure went up 17.2 per cent, capital expenditure 7.6 per cent, debt charges 22 per cent and capital consumption allowances 26.1 per cent. Federal Government spending in Québec, after deduction of $263.2 million to cover contracting out of shared-cost programmes, was 11.8 per cent higher than in 1965. Municipal governments' expenditure, including debt servicing, went up by 14.3 per cent over the previous year.

1967 PROSPECTS

Since the spring of 1966, the gap has been widening between supply and demand in the Canadian economy. The reason for this imbalance is to be found in the pressure of demand at all levels. Heavy capital expenditure has produced bottlenecks in many sectors which, in turn, have slowed down the economic growth rate towards the end of 1966. Most likely this trend will continue in the next few months and, despite some easing of the money market, the imbalance will persist. In spite of the increase in production capacity, it is therefore to be expected that economic expansion in North America, Canada and Québec included, will continue at a somewhat slower pace.

If this is the case, the Québec economy will have to bear the consequences : a growth rate not exceeding 8 per cent in money terms (12 per cent in 1966) and an over-all production level 4.5 per cent to 5 per cent above the 1966 volume.

This forecast is based on the probable behaviour of the main economic aggregates in 1967. Investment in the private sector is expected to continue at about the same rate as in 1966, possibly slackening in the tertiary sector and in the processing industries. In the public sector, ordinary expenditures are likely to follow the upward trend of the past year, although capital expenditure may be reduced to some extent. However, the Government will certainly try to adapt its long-term commitments to economic exigencies in order to alleviate deficiencies in the private sector.

It is also worth noting that future wage pressure may diminish profit margins in business. This may lead to cuts in capital expenditure or even to the shelving of some projects.

In view of this situation it should be remembered that a reduction in the growth rate would relax the labour market as well as the money market, thus enabling the private and public sectors to reconsider their spending policies and to carry out projects that had been held over.